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 June 30, 2016

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.)**
343 Oyster Point Boulevard, Suite 100 South San Francisco, California	**94080**
(Address of principal executive offices)	**(Zip Code)**

(650) 515-3185
(Registrant's telephone number, including area code)

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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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 August 1, 2016, 36,288,413 shares of the registrant's common stock were outstanding.

CYTOMX THERAPEUTICS, INC.
FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2016
TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

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 initiation, timing, progress and results of our research and development programs, preclinical studies, any clinical trials and Investigational New Drug application ("IND"), Clinical Trial Application, New Drug Application ("NDA"), Biologics License Application ("BLA") and other regulatory submissions;
- our receipt and timing of any milestone payments or royalties under any existing or future research collaboration and license agreements or arrangements;
- our expectations regarding the activity of our product candidates once administered in a human subject;
- our expectations and beliefs regarding the evolution of the market for cancer therapies and development of the immuno-oncology industry;
- our ability to identify and develop products for novel cancer targets;
- our dependence on existing and future collaborators for developing, obtaining regulatory approval for and commercializing product candidates in such collaborations;
- our ability to identify and develop product candidates for treatment of additional disease indications;
- our or an existing or future collaborator's ability to obtain and maintain regulatory approval of any of our or such collaborator's product candidates;
- the rate and degree of market acceptance of any approved products candidates;
- the commercialization of any approved product candidates;
- our ability to establish and maintain collaborations and retain commercial rights for our product candidates in the 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 existing or future 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 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 expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act of 2012;
- 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., a Delaware corporation.

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. Unaudited Condensed Financial Statements

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

	June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 62,379	$ 59,822
Short-term investments	133,418	126,889
Accounts receivable	285	372
Related party accounts receivable	113	372
Prepaid expenses and other current assets	3,411	2,299
Total current assets	199,606	189,754
Property and equipment, net	3,370	3,481
Intangible assets	1,750	1,750
Goodwill	949	949
Restricted cash	917	917
Other assets	268	364
Total assets	$ 206,860	$ 197,215
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,426	$ 4,697
Accrued liabilities	7,313	4,912
Deferred revenues, current portion	13,485	6,130
Total current liabilities	22,224	15,739
Deferred revenue, net of current portion	82,783	54,703
Deferred tax liability	513	507
Other long-term liabilities	153	198
Total liabilities	105,673	71,147
Commitments and contingencies (Note 11)		
Preferred stock, $0.00001 par value; 10,000,000 shares authorized and no shares issued and outstanding at June 30, 2016 and December 31, 2015.	—	—
Common stock, $0.00001 par value; 75,000,000 shares authorized; 36,187,345 and 36,033,209 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	1	1
Stockholders notes receivable	—	(78)
Additional paid-in capital	248,777	243,687
Accumulated other comprehensive income / (loss)	80	(76)
Accumulated deficit	(147,671)	(117,466)
Total stockholders' equity	101,187	126,068
Total liabilities and stockholders' equity	$ 206,860	$ 197,215

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 June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues	$ 2,539	$ 1,557	$ 4,322	$ 2,952
Revenues from related parties	555	486	995	833
Total revenues	3,094	2,043	5,317	3,785
Operating expenses:				
Research and development	12,705	5,033	26,070	9,697
General and administrative	4,647	2,552	9,687	4,498
Total operating expenses	17,352	7,585	35,757	14,195
Loss from operations	(14,258)	(5,542)	(30,440)	(10,410)
Interest income	660	329	1,150	467
Interest expense	(465)	(408)	(818)	(638)
Other income (expense), net	(110)	(180)	(91)	(1,431)
Loss before provision for income taxes	(14,173)	(5,801)	(30,199)	(12,012)
Provision for income taxes	3	5	6	5
Net loss	(14,176)	(5,806)	(30,205)	(12,017)
Accretion to redemption value and cumulative dividends on preferred stock	—	(1,757)	—	(3,189)
Net loss attributable to common stockholders	$ (14,176)	$ (7,563)	$ (30,205)	$ (15,206)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.39)	$ (7.56)	$ (0.84)	$ (15.22)
Shares used to compute net loss per share attributable to common stockholders, basic and diluted	36,113,363	1,001,010	36,088,393	998,793
Other comprehensive loss:				
Changes in unrealized gains / (losses) on short-term investments	50	9	156	(1)
Total other comprehensive gain / (loss)	50	9	156	(1)
Comprehensive loss	$ (14,126)	$ (5,797)	$ (30,049)	$ (12,018)

See accompanying notes to condensed financial statements.

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

	Six Months Ended June 30,	
	2016	**2015**
Cash flows from operating activities:		
Net loss	$ (30,205)	$ (12,017)
Adjustments to reconcile net loss to net cash provided by / (used in) operating activities:		
Depreciation and amortization	800	570
Amortization of debt discount	—	23
Accretion of discount on short-term investments	817	435
Stock-based compensation expense	4,753	721
Issuance of stock in connection with services	159	—
Change in fair value of convertible preferred stock liability	—	1,114
Change in fair value of convertible preferred stock warrant liability	—	317
Deferred income taxes	6	5
Changes in operating assets and liabilities		
Accounts receivable	87	(214)
Related party accounts receivable	259	1,458
Prepaid expenses and other current assets	(1,112)	(679)
Other assets	96	50
Accounts payable	(3,206)	(850)
Accrued liabilities and other long-term liabilities	2,325	652
Deferred revenue	35,435	(3,065)
Net cash provided by / (used in) operating activities	10,214	(11,480)
Cash flows from investing activities:		
Purchases of property and equipment	(711)	(1,049)
Purchases of short-term investments	(97,940)	(89,963)
Maturities of short-term investments	90,750	10,000
Net cash used in investing activities	(7,901)	(81,012)
Cash flows from financing activities:		
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	—	74,680
Proceeds from exercise of stock options	178	9
Proceeds from stockholder notes	78	—
Repayment of notes payable	—	(718)
Payment of deferred offering costs	(12)	(33)
Net cash provided by financing activities	244	73,938
Net increase / (decrease) in cash and cash equivalents	2,557	(18,554)
Cash and cash equivalents, beginning of period	59,822	64,396
Cash and cash equivalents, end of period	$ 62,379	$ 45,842
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ —	$ 159
Supplemental disclosures of noncash investing and financing items:		
Net change in acquisition of property and equipment in accounts payable and accrued liabilities	(22)	70
Accretion to redemption value and cumulative dividends on preferred stock	—	3,189
Convertible preferred stock liability recorded in connection with redeemable convertible preferred stock, net	—	1,509
Issuance costs in accounts payable and accrued liabilities	—	251
Deferred offering costs in accounts payable and accrued liabilities	—	157

See accompanying notes to condensed financial statements.

1. Description of the Business

CytomX Therapeutics, Inc. (the "Company") is an oncology-focused biopharmaceutical company focused on developing Probody therapeutics for the treatment of cancer. Probody therapeutics are masked antibodies that remain inert in healthy tissue but are activated specifically in the disease microenvironment. The Company is located in South San Francisco, California and was incorporated in the state of Delaware in September 2010.

Initial Public Offering

On October 7, 2015, the Company's registration statement on Form S-1 (File No. 333-206658) relating to its initial public offering ("IPO") of its common stock was declared effective by the Securities and Exchange Commission ("SEC") and the shares of its common stock began trading on The NASDAQ Global Select Market on October 8, 2015. The public offering price of the shares sold in the IPO was $12.00 per share. The IPO closed on October 14, 2015, pursuant to which the Company sold 7,666,667 shares of common stock, including the sale of 1,000,000 shares of common stock to the underwriters upon their exercise of their option to purchase additional shares. The Company received net proceeds of approximately $81.8 million, after underwriting discounts, commissions and offering expenses. Immediately prior to the consummation of the IPO, all outstanding shares of convertible preferred stock and redeemable convertible preferred stock converted into common stock.

Reverse Stock Split

On October 2, 2015, the Company effected a one-for-62.997 reverse stock split of the Company's issued and outstanding shares of common stock, redeemable convertible preferred stock and convertible preferred stock. The par values of the common stock, redeemable convertible preferred stock and convertible preferred stock were not adjusted as a result of the reverse split. All authorized and issued and outstanding shares of common stock, redeemable convertible preferred stock and convertible preferred stock and per share amounts contained in the accompanying condensed financial statements have been retroactively adjusted to reflect this reverse stock split for all periods presented.

2. Liquidity

Since inception, the Company has incurred recurring net operating losses. As of June 30, 2016 and December 31, 2015, the Company had an accumulated deficit of $147.7 million and $117.5 million, respectively, and expects to incur losses for the foreseeable future. To date, the Company has financed its operations primarily through sales of its common stock in conjunction with the IPO, sales of its convertible preferred securities and payments received under its collaboration agreements. As of June 30, 2016 and December 31, 2015, the Company had cash, cash equivalents and short-term investments of $195.8 million and $186.7 million, respectively. In May and June 2015, the Company received aggregate net proceeds of $73.2 million from the issuance of its Series C and Series D redeemable convertible preferred stock. In October 2015, the Company consummated its IPO and raised net proceeds of approximately $81.8 million, after deducting underwriting discounts and commissions and offering expenses.

3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying 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 Securities and Exchange Commission ("SEC") regarding interim financial reporting. The Company's functional and reporting currency is the U.S. dollar.

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 year-end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP. The condensed results of operations for the three and six months ended June 30, 2016 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, 2015 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.

Concentration of Credit Risk and Other Risks and Uncertainties

The Company is subject to a number of risks similar to other biopharmaceutical companies in the early stage, including, but not limited to, the need to obtain adequate additional funding, possible failure of preclinical testing or clinical trials, the need to obtain marketing approval for its product candidates, competitors developing new technological innovations, the need to successfully commercialize and gain market acceptance of the Company's products, and protection of proprietary technology. If the Company does not successfully obtain regulatory approval, commercialize or partner any of its product candidates, it will be unable to generate revenue from product sales or achieve profitability.

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, short term investments and accounts receivable. Substantially all the Company's cash is held by one financial institution that management believes is of high credit quality. Such deposits may, at times, exceed federally insured limits. The Company invests its cash equivalents in highly rated money market funds and its short-term investments in U.S. Government Bonds.

Customers who represent 10% of more of the Company's total revenue during each period presented or net accounts receivable balance at each respective balance sheet date are as follows:

	Revenue				Accounts Receivable, net	
	Three Months Ended June 30,		Six Months Ended June 30,		June 30,	December 31,
	2016	2015	2016	2015	2016	2015
Customer A	57%	76%	67%	78%	72%	50%
Customer B	18%	24%	19%	22%	28%	50%
Customer C	25%	0%	14%	0%	0%	0%

All of the Company's customers are located in the United States of America.

Segments

Management has determined that it has one business activity and operates as one operating segment as it only reports financial information on an aggregate basis to its chief executive officer, who is the Company's chief operating decision maker. All long-lived assets are maintained in the United States of America.

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.

Short-term Investments

All investments have been classified as "available-for-sale" and are carried at fair value as determined based upon quoted market prices or pricing models for similar securities at period end. Those investments with contractual maturities greater than 12 months at the date of purchase are considered long-term investments. Unrealized gains and losses, deemed temporary in nature, are reported as a component of accumulated other comprehensive income (loss), net of tax.

A decline in the fair value of any security below cost that is deemed other than temporary results in a charge to earnings and the corresponding establishment of a new cost basis for the security. Premiums (discounts) are amortized (accreted) over the life of the related security as an adjustment to yield using the straight-line interest method. 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.

Property and Equipment, net

Property and equipment are recorded at cost net of accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. The useful lives of property and equipment are as follows:

Machinery and equipment	5 years
Computer equipment and software	3 years
Furniture and fixtures	3 years
Leasehold improvements	Shorter of remaining lease term or estimated life of the assets

Maintenance and repairs that do not extend the life or improve the asset are expensed when incurred.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price paid over the fair value of tangible and identifiable intangible assets acquired in business combinations. Goodwill and other intangible assets with indefinite lives are not amortized, but are assigned to reporting units and tested for impairment annually, or whenever there is an impairment indicator. Intangible assets are comprised of in-process research and development ("IPR&D"). The Company assesses impairment indicators annually or more frequently, if a change in circumstances or the occurrence of events suggests the remaining value may not be recoverable. Intangible assets that are not deemed to have an indefinite life are amortized over their estimated useful lives. There was no impairment of goodwill or intangible assets identified during the six months ended June 30, 2016 and the year ended December 31, 2015.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset (or asset group) may not be recoverable and prior to any goodwill impairment test. An impairment loss is recognized when the total of estimated undiscounted future cash flows expected to result from the use of the asset (or asset group) and its eventual disposition is less than its carrying amount. Impairment, if any, would be assessed using discounted cash flows or other appropriate measures of fair value. There was no impairment of long-lived assets during the periods presented in these condensed financial statements.

Convertible Preferred Stock Warrant Liability

Freestanding warrants for shares that are contingently redeemable are classified as liabilities on the balance sheet at their estimated fair value because the shares underlying the warrants may obligate the Company to transfer assets to the holders at a future date under certain circumstances such as a deemed liquidation event. The warrants are subject to re-measurement at each balance sheet date and the change in fair value, if any, is included in other income (expense), net. The Company adjusted the liability for changes in fair value until the consummation of its IPO in October 2015, at which time all convertible preferred stock warrants were net exercised into shares of common stock and the related convertible preferred stock warrant liability was reclassified to additional paid-in capital.

Convertible Preferred Stock Liability

The obligation to issue additional shares of Series B-1 and Series C redeemable convertible preferred stock at a future date was determined to be a freestanding instrument that should be accounted for as a liability. At initial recognition, the Company recorded the convertible preferred stock liability on the balance sheets at its estimated fair value. The liability is subject to remeasurement at each balance sheet date, with changes in fair value recognized as a component of other income (expense), net. At the time of each funding, the Company remeasured the liability, with the change in fair value recognized as a component of other income (expense), net and then reclassifies the fair value associated with the convertible preferred stock liability to the applicable series of redeemable convertible preferred stock. Immediately prior to the consummation of the Company's IPO in October 2015, the convertible preferred stock converted to 27,135,453 shares of common stock.

Comprehensive Gain and Loss

Comprehensive gain and loss represents all changes in stockholders' deficit except those resulting from distributions to stockholders. The Company's unrealized gains and losses on short-term investments represent the only component of other comprehensive loss that is excluded from the reported net loss.

Revenue Recognition

The Company recognizes revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; transfer of technology has been completed or services have been rendered; the price to the customer is fixed or determinable; and collectability is reasonably assured.

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, (ii) research and development services, and (ii) 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.

In arrangements involving the delivery of more than one element, each required deliverable is evaluated to determine whether it qualifies as a separate unit of accounting. The determination is based on whether the deliverable has "standalone value" to the customer. If a deliverable does not qualify as a separate unit of accounting, it is combined with the other applicable undelivered item(s) within the arrangement and these combined deliverables are treated as a single unit of accounting.

The arrangement's consideration that is fixed or determinable is allocated to each separate unit of accounting based on the relative selling price methodology in accordance with the selling price hierarchy, which includes vendor-specific objective evidence ("VSOE") of selling price, if available, or third-party evidence of selling price if VSOE is not available, or the best estimate of selling price, if neither VSOE nor third-party evidence is available.

Payments or reimbursements for the Company's research and development efforts for the arrangements where such efforts are considered as deliverables are recognized as the services are performed and are presented on a gross basis. When upfront payments are received and if there is no discernible pattern of performance and/or objectively measurable performance measures do not exist, the Company recognizes revenue ratably over the associated period of performance.

The Company's collaboration and license agreements may include contingent payments related to specified research, development and regulatory milestones and sales-based milestones. Such 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, upon receipt of actual marketing approvals of a covered product or for additional indications, or upon the first commercial sale of a covered product. Sales-based milestones are typically payable when annual sales of a covered product reach specified levels. Each contingent and milestone payment is evaluated to determine whether it is substantive and at risk to both parties. The Company recognizes any payment that is contingent upon the achievement of a substantive milestone entirely in the period in which the milestone is achieved. Any payments that are contingent upon achievement of a non-substantive milestone are recognized as revenue prospectively, when such payments become due and collectible, over the remaining expected performance period under the arrangement, which is generally the remaining period over which the research and development services are expected to be provided.

Research and Development Expenses

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.

Stock-Based Compensation

The Company measures its stock-based awards made to employees based on the fair values of the awards as of the grant date using the Black-Scholes option-pricing model. Stock-based compensation expense is recognized over the requisite service period using the straight-line method and is based on the value of the portion of stock-based payment awards that is ultimately expected to vest. As such, the Company's stock-based compensation is reduced for the estimated forfeitures at the date of grant and revised in subsequent periods if actual forfeitures differ from those estimates.

Stock-based compensation expense for options granted to non-employees as consideration for services received is measured on the date of performance at the fair value of the consideration received or the fair value of the equity instruments issued, using the Black-Scholes option-pricing model, whichever can be more reliably measured. Compensation expense for options granted to non- employees is periodically remeasured as the underlying options vest.

Income Taxes

The Company accounts for income taxes under the liability method which requires, among other things, that deferred income taxes be provided for temporary differences between the tax basis of the Company's assets and liabilities and their financial statement reported amounts. In addition, deferred tax assets are recorded for the future benefit of utilizing net operating losses and research and development credit carryforwards. A valuation allowance is provided against deferred tax assets unless it is more likely than not that they will be realized.

The Company recognizes benefits of uncertain tax positions if it is more likely than not that such positions will be sustained upon examination based solely on their technical merits, as the largest amount of benefit that is more likely than not to be realized upon the ultimate settlement. The Company's policy is to recognize interest and penalties related to the underpayment of income taxes as a component of income tax expense or benefit. To date, there have been no interest or penalties charged in relation to the unrecognized tax benefits.

Net Loss per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period, without consideration of potentially dilutive securities. Diluted net loss per share attributable to common stockholders is the same as basic net loss per share attributable to common stockholders since the effect of potentially dilutive securities is anti-dilutive.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, 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 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard will be effective for the Company on January 1, 2018, which is the effective date for public companies. Early application is permitted as of January 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. Additionally, in March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net*), which clarifies the implementation guidance on principal versus agent considerations in ASU No. 2014-09. In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which clarifies certain aspects of identifying performance obligations and licensing implementation guidance. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, which relates to disclosures of remaining performance obligations, as well as other amendments to guidance on collectability, non-cash consideration and the presentation of sales and other similar taxes collected from customers. These standards have the same effective

date and transition date of January 1, 2018. The Company is evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*. This standard update provides guidance around management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The new guidance is effective for all annual and interim periods ending after December 15, 2016. The Company does not believe that adopting ASU 2014-15 will have a material impact on its financial statements.

In November 2015, the FASB issued ASU No 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*. This standard amends the accounting for income taxes and requires that all deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016, with early adoption permitted. As the Company's deferred tax balance is already classified as noncurrent, the adoption of this new guidance is not expected to have a financial statement impact.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) ("ASU 2016-02"). Under ASU 2016-2, an entity will be required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. For public companies, ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, and requires a modified retrospective adoption, with early adoption permitted. The Company plans to adopt this guidance beginning with its first quarter ending March 31, 2019. The Company is in the process of evaluating the future impact of ASU 2016-02 on its financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 simplifies several aspects of accounting for share-based payment award transactions, including income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, with early adoption permitted. The Company is in the process of assessing the impact of adoption of ASU 2016-09 of its financial statements.

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 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. The new standard will be effective for us on January 1, 2020. The adoption of this standard is not expected to have a material impact on our financial position or results of operations.

4. Fair Value Measurements and Short-Term Investments

The Company records its financial assets and liabilities at fair value. The accounting guidance for fair value provides a framework for measuring fair value, clarifies the definition of fair value, and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

- Level I: Inputs which include unadjusted quoted prices in active markets for identical assets or liabilities.
- Level II: Inputs other than Level I that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets or liabilities; unadjusted 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 and II assets. Level I assets consist primarily of highly liquid money market funds, some of which are included in restricted cash. The Company's Level II assets consist of U.S. government bonds that are included in short-term investments.

The following tables set forth the fair value of the Company's financial assets and liabilities subject to fair value measurements on a recurring basis and the level of inputs used in such measurements (in thousands):

	June 30, 2016			
	Level I	Level II	Level III	Total
Assets				
Money market funds	$ 61,051	$ —	$ —	$ 61,051
Restricted cash (money market funds)	917	—	—	917
U.S. Government bonds	—	133,418	—	133,418
	$ 61,968	$ 133,418	$ —	$ 195,386

	December 31, 2015			
	Level I	Level II	Level III	Total
Assets				
Money market funds	$ 44,714	$ —	$ —	$ 44,714
Restricted cash (money market funds)	917	—	—	917
U.S. Government bonds	—	140,392		140,392
	$ 45,631	$ 140,392	$ —	$ 186,023

The following is a summary of the gross unrealized gains and losses on the Company's short-term investments (in thousands):

	June 30, 2016			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Investment Securities				
U.S. Government bonds	$ 133,339	$ 79	$ —	$ 133,418
Total securities	$ 133,339	$ 79	$ —	$ 133,418

The contractual maturities of securities classified as available-for-sale as of June 30, 2016 were as follows (in thousands):

	June 30, 2016
Due within one year	$ 133,418
Total	$ 133,418

5. Property and Equipment

Property and equipment, net consisted of the following (in thousands):

	June 30, 2016	December 31, 2015
Machinery and equipment	$ 5,294	$ 4,910
Computer equipment and software	512	452
Furniture and fixtures	51	51
Leasehold improvements	720	720
Construction in progress	414	169
	6,991	6,302
Less: accumulated depreciation and amortization	(3,621)	(2,821)
	$ 3,370	$ 3,481

Depreciation and amortization expense was $445,000 and $302,000 for three months ended June 30, 2016 and 2015, respectively, and $800,000 and $570,000 for the six months ended June 30, 2016 and 2015, respectively.

6. Goodwill and Intangible Assets

Goodwill and in-process research and development assets result from a series of integrated financing transactions in 2010 that was accounted for as a business combination. The in-process research and development relates to the Company's proprietary Probody technology platform and is accounted for as an indefinite-lived intangible asset until the underlying project is completed or abandoned.

Goodwill and intangible assets consisted of the following (in thousands):

	June 30, 2016	December 31, 2015
Goodwill	$ 949	$ 949
In-process research and development	1,750	1,750

7. Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	June 30, 2016	December 31, 2015
Research and clinical expenses	$ 3,802	$ 1,562
Payroll and related expenses	2,118	2,839
Legal and professional expenses	1,233	296
Other accrued expenses	160	215
Total	$ 7,313	$ 4,912

8. Research and Collaboration Agreements

Pfizer Inc.

In May 2013, the Company and Pfizer Inc. ("Pfizer") entered into a Research Collaboration, Option and License Agreement (the "Pfizer Agreement") to collaborate on the discovery and preclinical research activities related to Probody therapeutics, and Probody drug conjugates ("PDCs") for research project targets nominated by Pfizer. Pfizer nominated two research targets in 2013 and, pursuant to the Pfizer Agreement, had the option of nominating two additional research targets. In December 2014, Pfizer selected an additional research target. The option to select a fourth target elapsed in May 2016 without a selection.

The Pfizer Agreement provides Pfizer with an option to acquire an exclusive development and commercialization license for each research project target. Upon exercise of the option, Pfizer (1) will receive an exclusive development and commercialization license for use of the Probody therapeutic during the development, manufacturing and commercialization of the potential product, and (2) will be responsible for the development, manufacturing and commercialization of such potential products.

Pursuant to the Pfizer Agreement, the Company received an upfront payment of $6.0 million and is entitled to contingent payments of up to an aggregate of $626.5 million as follows: (i) $1.5 million for each of the two additional targets; (ii) up to $12.0 million upon exercise of the license options; (iii) up to $25.0 million from the achievement of development milestones for each research target program, or up to $82.0 million if the maximum of four research targets are selected by Pfizer; (iv) up to $98.0 million in milestone payments for the first commercial sale in various territories for up to three indications per research target program or up to $249.5 million if the maximum of four research targets are selected; and (v) up to $100.0 million in sales milestones payments per research target program, or up to $280.0 million if the maximum of four research targets are selected by Pfizer. The Company is entitled to receive royalties in the mid-single digits to low teens on initial targets and mid-single digit royalties on additional targets from potential future sales of product candidates. The Company will also receive research and development service fees based on a prescribed full-time employee ("FTE") rate per year that is capped.

In accordance with ASC 605-25, the Company identified the following deliverables at the inception of the Pfizer Agreement: (1) the research license, (2) the research services and (3) the obligation to participate in the joint research committee. The Company determined that the research license does not have stand-alone value to Pfizer due to specialized nature of the research services to be provided by the Company, and accordingly, this deliverable was combined with the research services and participation in the joint research committee as a single unit of accounting. The Company concluded that, at the inception of the agreement, Pfizer's options to obtain an exclusive development and commercialization license for each research project target do not represent deliverables of the agreement because they are substantive options and do not contain a significant or incremental discount.

The upfront payment of $6.0 million was recorded as deferred revenue and is being recognized on a ratable basis over the estimated performance period of seven years. In December 2014, Pfizer selected an additional target and paid $1.5 million, which was recorded as deferred revenue and is being recognized over the remaining performance period. In May 2016, due to the fact that the deadline for selecting fourth target had elapsed, the amortization period of deferred revenue was adjusted to five and a half years. The Company's entitlement to the contingent payments under the Pfizer Agreement was reduced by $133.5 million due to expiration of deadline for fourth target selection.

The Company recognized revenue of $0.5 million and $0.5 million for the three months ended June 30, 2016 and 2015, respectively and $1.0 million and $0.8 million for the six months ended June 30, 2016 and 2015, respectively. As of June 30, 2016 and December 31, 2015, deferred revenue relating to the Pfizer Agreement was $4.3 million and $4.9 million, respectively. The amount due from Pfizer under the Agreement was $0.1 million and $0.4 million as of June 30, 2016 and December 31, 2015, respectively.

ImmunoGen, Inc.

In January 2014, the Company and ImmunoGen, Inc. ("ImmunoGen") entered into the Research Collaboration Agreement (the "ImmunoGen Agreement"). The ImmunoGen Agreement provides the Company with the right to use ImmunoGen's Antibody Drug Conjugate ("ADC") technology in combination with the Company's Probody technology to create Probody Drug Conjugates ("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 technology to create PDCs directed at two targets under the research license and to subsequently obtain exclusive, worldwide development and commercialization licenses to develop and commercialize such PDCs. Under the research licenses, the parties have one replacement right for each target, which needs to be made before the third anniversary of the agreement execution.

Under the terms of the agreement, both the Company and ImmunoGen are required to perform research activities on behalf of the other party for no monetary consideration. The research activities for a particular target will last until January 2018 unless they are terminated by one of the parties or when a development and commercialization license is obtained with respect to that target. Each party is solely responsible for the development, manufacturing and commercialization of any products resulting from the exclusive development and commercialization license obtained by such party under the agreement. Each party may be liable to pay annual maintenance fees to the other party if the licensed product candidate covered under each development and commercialization license has not progressed to the clinical stage of development within six years of the exercise of the development and commercialization license.

In consideration for the exclusive development and commercialization license that may be obtained by ImmunoGen, the Company is entitled to receive up to $30.0 million in development and regulatory milestone payments per the research program target, up to $50.0 million in sales milestone payments per target and royalties in the mid-single digits on the commercial sales of any resulting product. For the development and commercialization license that may be obtained by the Company, ImmunoGen is entitled to receive up to $60.0 million in development and regulatory milestone payments, up to $100.0 million in sales milestone payments and royalties in the mid to high single digits on the commercial sales of any resulting product.

The Company accounted for the ImmunoGen Agreement based on the fair value of the assets and services exchanged. The Company identified the following significant deliverables at the inception of the ImmunoGen Agreement: (1) the research license, (2) the research services, (3) the obligation to participate in the joint research committee, (4) the exclusive research, development and commercialization license and (5) the obligation to provide future technology improvements, when available. The Company determined that the research license, participation in the joint steering committee and the research services do not have stand-alone value from the development and commercialization license and therefore those deliverables were combined into one unit of accounting. The Company considered factors such the limited economic benefits to ImmunoGen if development and commercialization license is not obtained and the lack of sublicensing rights in the research license.

The estimated total fair value of the consideration of $13.2 million was recorded as deferred revenue, of which $13.0 million was allocated to the unit of accounting comprised of the research license, research services, participation in the joint research committee and the development and commercialization license, and $0.2 million was allocated to the future technological improvements. The Company will recognize $13.0 million upon delivery of development and commercialization licenses and will recognize amounts allocated to the future technology improvements over the term of the license.

The estimated fair value of assets and services received was also $13.2 million, of which $12.7 million was allocated to the licenses received and was charged to research and development expense, with the remaining amount of $0.5 million was allocated to the research services, joint research committee participation and technology improvements, which is being expensed over the period of services to be provided.

As of June 30, 2016 and December 31, 2015, deferred revenue relating to the ImmunoGen Agreement was $13.2 million for both periods.

Bristol-Myers Squibb Company

On May 23, 2014, the Company and Bristol-Myers Squibb Company (“BMS”) 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 technology. The effective date of the BMS Agreement was July 7, 2014.

Under the terms of the BMS Agreement, the Company granted BMS exclusive worldwide rights to develop and commercialize Probody therapeutics for up to four oncology targets. BMS will have additional rights to substitute up to two collaboration targets. Each collaboration target has a two year research term and the two additional targets must be nominated by BMS within five years of the effective date of the BMS Agreement. The research term for each collaboration target can be extended in one year increments up to three times.

Pursuant to the BMS Agreement, the Company received an upfront payment of $50.0 million and contingent payments of up to an aggregate of $1,217.0 million as follows: (i) up to $25.0 million for additional targets; (ii) up to $114.0 million in development milestone payments per research target program or up to $456.0 million if the maximum of four research targets are selected; (iii) up to $124.0 million in milestone payments for the first commercial sale in various territories for up to three indications per research target program or up to $496.0 million if the maximum of four research targets are selected; and (iv) up to $60.0 million in sales milestones payments per research target program or up to $240.0 million if maximum of four research targets are selected. The Company is entitled to royalty payments in the mid to high single digits to low teens from potential future sales. The Company will also receive research and development service fees based on a prescribed FTE rate that is capped.

The BMS Agreement also required BMS to purchase the Company’s common stock upon an IPO if certain conditions were met. In connection with the IPO in October 2015, BMS purchased 833,333 shares of the Company’s common stock at the initial public offering price and on the same terms as other purchasers in the offering.

The Company identified the following deliverables at the inception of the BMS Agreement: (1) the exclusive research, development and commercialization license (“license”), (2) the research and development services and (3) the obligation to participate in the joint

research committee. The Company determined that the license does not have stand-alone value to BMS without the Company's research services and expertise related to the development of the product candidates, and accordingly, it was combined with the research services and participation in the joint research committee as a single unit of accounting.

The Company received an upfront payment of $50.0 million from BMS in July 2014. The upfront payment was recorded as deferred revenue and is being recognized on a ratable basis over the estimated performance period of ten years. The Company determined that the remaining contingent payments under the Agreement do not constitute substantive milestones and will not be accounted for under the milestone method of revenue recognition. The events leading to these payments do not meet the definition of a substantive milestone because the achievement of these events solely depends on BMS's performance. Accordingly, any revenue from these contingent payments would be subject to an allocation of arrangement consideration and would be recognized over any remaining period of performance obligations, if any, relating to this arrangement. If there are no remaining performance obligations under the arrangement at the time the contingent payment is triggered, the contingent payment will be recognized as revenue in full upon the triggering event.

In January 2016, BMS selected an additional target pursuant to the BMS Agreement. Under the terms of the BMS Agreement, BMS paid the Company a $10 million milestone payment. This amount was recorded as deferred revenue and is being recognized over the remaining performance period.

The Company recognized revenue of $1.8 million and $1.5 million for the three months ended June 30, 2016 and 2015, respectively and $3.5 million and $3.0 million for the six months ended June 30, 2016 and 2015, respectively. As of June 30, 2016 and December 31, 2015, deferred revenue relating to the BMS Agreement was $49.5 million and $42.6 million, respectively. The amount due from BMS under the BMS Agreement was $0.3 million and $0.4 million as of June 30, 2016 and December 31, 2015, respectively.

MD Anderson

In November 2015, the Company entered into a research collaboration agreement with MD Anderson to research Probody-enabled chimeric antigen receptor killer (CAR-NK) cell therapies, known as ProCAR-NK cell therapies. Under this collaboration, MD Anderson will use the Company's Probody technology to conduct research of ProCAR-NK cell therapies against certain targets selected by the Company in cancer immunotherapy. Under the research collaboration agreement, the Company has the right to exercise an option, during the option period expiring on November 2, 2019 and upon payment of an option exercise fee, to negotiate and acquire a worldwide, exclusive, sublicensable license from MD Anderson for development and commercialization of products directed against any of the selected targets. The research collaboration agreement will continue in effect until the earlier of (i) the date that the Company exercises the option to acquire the license from MD Anderson and (ii) the expiration of the option period. The impact of this agreement was not material for the financial statements for the six months ended June 30, 2016.

AbbVie Ireland Unlimited Company

In April 2016, the Company and AbbVie Ireland Unlimited Company ("AbbVie") entered into two agreements, a CD71 Co-Development and Licensing Agreement (the "CD71 Agreement") and a Discovery Collaboration and Licensing Agreement (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 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, AbbVie will have sole right and responsibility for the further development, manufacturing and commercialization of such CD71 PDC. AbbVie, at its sole discretion, may stop development of any CD71 PDC and terminate the CD71 Agreement if the Company does not meet certain preclinical research criteria by the applicable deadline. In such case, the Company and AbbVie may evaluate and approve an alternate CD71 PDC. If such alternate CD71 PDC is approved, then the Company and AbbVie will, in good faith, negotiate amendments to the timelines and, if necessary, the content in the research and development plan and budget and extensions to the deadlines to achieve defined success criteria.

Under the CD71 Agreement, the Company received an upfront payment of $20.0 million in April 2016, and will receive up to $470.0 million in development, regulatory and commercial milestone payments and royalties on ex-US sales in the high teens to low twenties if the Company participates in the co-development of the CD71 Licensed Product subject to a reduction in such royalties 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.

Under the terms of the Discovery Agreement, AbbVie receives exclusive worldwide rights to develop and commercialize Probody drug conjugates against up to two undetermined targets. The Company shall perform research services to discover the Probodies 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 may receive an additional payment upon the selection by AbbVie of the second target and meeting certain performance conditions under the CD71 Agreement. The Company is also eligible to receive up to $275.0 million in target nomination, development, regulatory and commercial milestone payments and royalties in the high single to low teens from commercial sales of any resulting PDCs. If AbbVie terminates the CD71 Agreement because the Company does not meet certain preclinical research criteria prior to the applicable deadline, then AbbVie may nominate the second research target under the Discovery Agreement for no additional consideration.

The Company has determined that the CD71 and Discovery Agreements with AbbVie 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 deliverables at the inception of the AbbVie Agreements: (1) the research, development and commercialization license for CD71 Probody, (2) the research services related to CD71 Probody, (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, at the inception of the agreement, AbbVie's option for the second discovery target is substantive and does not represent deliverable of the agreement.

The Company determined that the research, development and commercialization license for CD71 and discovery targets do not have a standalone value without the Company's respective research services and expertise. The Company considered factors such as novelty of the Probody 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 development and AbbVie's contractual obligation to use the Company's research services. The Company also determined that the CD71 Agreement research, development and commercialization license, related research service and participation in the joint research committee as a single unit of accounting has a standalone value from the Discovery Agreement research, development and commercialization license, related research service and participation in the joint research committee as another single unit of accounting. Therefore, the Company concluded that there are two units of accounting: CD71 Agreement unit of accounting consisting of the CD71 Agreement research, development and commercialization license, related research service and participation in the joint research committee, and the Discovery Agreement unit of accounting consisting of the Discovery Agreement research, development and commercialization license, related research service and participation in the joint research committee.

The non-contingent upfront payments under the AbbVie Agreements are allocated between two units of accounting based on the estimated relative selling prices of each unit. In order to determine the best estimate of selling price, the Company used the discounted cash flow method by calculating risk-adjusted net present values of estimated cash flows. The Company recognizes the allocated amounts ratably over the estimated research service period of five years. During the three and six months ended June 30, 2016, the Company recognized revenue of $0.8 million related to the AbbVie Agreements. As of June 30, 2016, deferred revenue related to the CD71 unit of accounting was $19.5 million and $9.7 million related to the Discovery unit of accounting.

9. License Agreement

The Company has an exclusive, worldwide license agreement (the "UC Agreement") with the Regents of the University of California (the "UC Regents") relating to the use of certain patents and technology relating to its core technology, including its therapeutic antibodies. Pursuant to the UC Agreement, the Company is obligated to (i) make royalty payments to the UC Regents on net sales of its products covered under the agreement, subject to annual minimum amounts, (ii) make milestone payments to the UC Regents upon the occurrence of certain events, (iii) make a milestone payment to the UC Regents upon occurrence of an IPO or change of control, and (iv) reimburse the UC Regents for prosecution and maintenance of the licensed patents. If the Company sublicenses its rights under the UC Agreement, it is obligated to pay the UC Regents a percentage of the total gross proceeds received in consideration of the grant of the sublicense, which total amount would be first reduced by the aggregate amount of certain research and development related expenses incurred by the Company.

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

In the six months ended June 30, 2016 and 2015, the Company incurred expenses of $1.1 million and $0.2 million, respectively, to the UC Regents under the provisions of the UC Agreement.

Royalty obligations

The Company has future minimum royalty obligations due under the terms of certain exclusive licensed patent rights. These minimum future obligations are as follows (in thousands):

Year ended December 31,	
2016 (six months remaining)	$ —
2017	150
Total minimum royalty obligations	$ 150

10. Long-term Debt

In May 2012, the Company entered into a Master Loan and Security Agreement (the "Debt Facility"). Under the terms of the agreement, an aggregate of $2.0 million could be drawn down during the initial basic loan term of 42 months. In January and December 2013, the Company amended the Debt Facility to borrow an additional $0.3 million and $3.0 million, respectively, with similar terms. Borrowings under the debt facility bore interest at a rate of 11.74% per annum.

In connection with the execution and the amendment of the Debt Facility, the Company issued warrants to the lender to purchase an aggregate of 81,620 shares of the Company's Series B-1 redeemable convertible preferred stock. The warrants were exercisable in cash at an exercise price of $3.084396 per share or through a cashless exercise provision.

In connection with the consummation of the IPO in October 2015, all of the warrants were net exercised, resulting in issuance of an aggregate of 60,640 shares of our common stock.

Upon issuance of the warrants, the Company recorded a preferred stock warrant liability based on its initial fair value estimated using the Black-Scholes model with an offset to debt discount. The debt discount was amortized to interest expense using the effective interest method over the term of the Debt Facility. The warrant liability was subject to remeasurement to fair value at each balance sheet date until the earliest of the exercise or expiration of the convertible preferred stock warrant, and any change in fair value is recognized in other income (expense), net.

The Company repaid and terminated the Debt Facility in September 2015.

11. Commitments and Contingencies

Operating Lease

New Lease Agreement

On December 10, 2015, the Company entered into a lease (the "New Lease") with HCP Oyster Point III LLC (the "Landlord") to lease approximately 76,173 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 New Lease commences on the later of (i) the date that the Landlord's construction and tenant improvements have been completed pursuant to the New Lease and (ii) October 1, 2016. The New 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 New Lease.

The New Lease provides 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 will be 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 will be entitled to a one-time improvement allowance of up to $12.6 million.

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 New Lease. The Company has recorded the $0.9 million Letter of Credit in restricted cash as a non-current asset on its balance sheet.

Amendment to Current Lease

In March 2016, the Company entered into an agreement to terminate its existing lease, which was due to expire on January 31, 2019 ("Lease Termination") with its current landlord. The Lease Termination provides for an early termination of the current lease effective on November 30, 2016. The Company will not be required to pay the landlord a termination payment in connection with the early termination of the lease.

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 as a deferred rent liability.

The minimum lease payments for all the Company's facility leases are as follows (in thousands):

Year Ending December 31:		
2016 (six months remaining)	$	863
2017		3,387
2018		4,374
2019		4,506
2020 and beyond		34,144
Total	$	47,274

Rent expense during the six months ended June 30, 2016 was $250,000 which included a one-time adjustment to deferred rent pursuant to the termination of the current lease. Rent expense during the six months ended June 30, 2015 was $469,000.

Legal Proceedings

The Company is subject to claims and assessments from time to time in the ordinary course of business but do not believe that any such matters, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Indemnifications

In the ordinary course of business, the Company enters into agreements that may include indemnification provisions.

Pursuant to such agreements, the Company may indemnify, hold harmless and defend an indemnified party for losses suffered or incurred by the indemnified party. Some of the provisions will limit losses to those arising from third party actions. In some cases, the indemnification will continue after the termination of the agreement. The maximum potential amount of future payments the Company could be required to make under these provisions is not determinable. The Company has never incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. The Company has also entered into indemnification agreements with its directors and officers that may require the Company to indemnify its directors and officers against liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by Delaware corporate law. The Company currently has directors' and officers' insurance.

12. Convertible Preferred Stock

In December 2014, the Company granted a second tranche option ("Second Tranche Option") to one of its investors to purchase 659,209 shares of its Series C redeemable convertible preferred stock upon the achievement of certain milestones. At initial recognition, the Company recorded the Second Tranche Option as a derivative liability on the balance sheet at its estimated fair value of $395,000. In May 2015, the Company achieved the relevant milestones and the investor exercised its right to purchase 659,209 shares of Series C convertible redeemable preferred stock for net proceeds of $3.5 million. Immediately prior to the closing of this

tranche, the Company remeasured the preferred stock liability to its then fair value and recorded a loss from remeasurement of $1.1 million in other income (expense), net. The fair value of the preferred stock liability in the amount of $1.5 million was reclassified to redeemable convertible preferred stock.

In connection with the consummation of the IPO in October 2015, all outstanding shares of Series A-1, Series A-2, Series B-1, Series B-2, Series C and Series D were converted into 27,135,453 shares of common stock on a one-for-one basis. As such, no convertible preferred stock shares were outstanding as of June 30, 2016 and December 31, 2015.

13. Common Stock

In October 2015, the Company's board of directors and stockholders approved the Company's amended and restated certificate of incorporation. The amended and restated certificate of incorporation was effective as of October 14, 2015, and provides for 75,000,000 authorized shares of common stock with a par value of $0.00001 per share and 10,000,000 shares of preferred stock with a par value of $0.00001 per share.

Common stockholders are entitled to dividends if and when declared by the Board of Directors subject to the prior rights of the preferred stockholders. As of June 30, 2016 and December 31, 2015, no dividends on common stock had been declared by the Board of Directors.

The Company had reserved shares of common stock for issuance, on an as-converted basis, as follows:

	June 30, 2016	December 31, 2015
Options issued and outstanding	6,261,931	5,270,751
Shares available for future stock option grants	2,661,263	2,401,406
	8,923,194	7,672,157

14. Stock Option Plans

In 2010, the Company adopted its 2010 Stock Incentive Plan (the "2010 Plan") which provided for the granting of stock options to employees, directors and consultants of the Company. Options granted under the 2010 Plan were either incentive stock options ("ISOs") or nonqualified stock options ("NSOs").

In February 2012, the Company adopted its 2011 Stock Incentive Plan (the "2011 Plan"). The 2011 Plan is divided into two separate equity programs, an option and stock appreciation rights grant program and a stock award program. In conjunction with adopting the 2011 Plan, the Company discontinued the 2010 Plan and released the shares reserved and still available under that plan.

In connection with the consummation of the IPO in October 2015, the board of directors adopted the Company's 2015 Equity Incentive Plan (the "2015 Plan"). In conjunction with adopting the 2015 Plan, the Company discontinued the 2011 Plan with respect to new equity awards.

Options under the 2015 Plan may be granted for periods of up to ten years. All options issued to date have had a 10-year life. Under the terms of the 2015 Plan, options may be granted at an exercise price not less than the estimated fair value of the shares on the date of grant, as determined by the Company's board of directors. For employees holding more than 10% of the voting rights of all classes of stock, the exercise price of ISOs and NSOs may not be less than 110% of the estimated fair value of the shares on the date of grant, as determined by the board of directors. To date, options granted generally vest over four years and vest at a rate of 25% upon the first anniversary of the issuance date and 1/48th per month thereafter.

Activity under the Company's stock option plans is set forth below:

	Options Outstanding	
	Number of Options	Weighted-Average Exercise Price Per Share
Balances at December 31, 2015	5,270,751	$ 3.694
Options granted	1,173,346	13.479
Options exercised	(143,136)	1.239
Option forfeited/expired	(39,030)	2.397
Balances at June 30, 2016	6,261,931	$ 5.592
Options exercisable at June 30, 2016	2,459,811	$ 2.929

15. Stock Based Compensation

Total stock-based compensation recognized was as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Stock-based compensation expense:				
Research and development	$ 1,180	$ 274	$ 2,529	$ 353
General and administrative	1,211	272	2,383	368
Total stock-based compensation expense	$ 2,391	$ 546	$ 4,912	$ 721

16. Related Party Transactions

Certain employees of Third Rock Ventures, a stockholder of the Company, provide consulting services to the Company. General and administrative expense for these services of $12,000 and $23,600 were recorded for the three months ended June 30, 2016 and 2015, respectively and $24,000 and $32,000 for the six months ended June 30, 2016 and 2015, respectively. The amounts outstanding and included in accounts payable were $12,000 and $0 as of June 30, 2016 and December 31, 2015, respectively.

Prior to the Company's IPO, it entered into full recourse loans ("stockholder notes" or "loans") with certain current and former executive officers. Principal and interest under these loans was due at the earliest of (i) the fifth anniversary of the related note, (ii) the sale of the shares securing the notes, or (iii) thirty days after the termination of services. The principal loan amount and the accrued interest are reported as a deduction from stockholders' deficit on the Company's balance sheets. These loans were repaid and terminated in August 2015 and April 2016. There was no outstanding balance at June 30, 2016 and approximately $78,000 was outstanding at December 31, 2015, respectively. Interest income earned on the loans was immaterial during the three and six months ended June 30, 2016 and 2015.

Revenues from related parties refer to our collaboration agreement with Pfizer, one of our stockholders. The Company recognized revenue of $0.5 million and $0.5 million for the three months ended June 30, 2016 and 2015, respectively and $1.0 million and $0.8 million for the six months ended June 30, 2016 and 2015, respectively (Note 8). As of June 30, 2016 and December 31, 2015, deferred revenue relating to the Pfizer Agreement was $4.3 million and $4.9 million, respectively. The amount due from Pfizer under the agreement was $0.1 million and $0.4 million as of June 30, 2016 and December 31, 2015, respectively.

17. Employee Benefit Plans

Defined Contribution Plan

The Company sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code covering substantially all full-time U.S. employees. Employee contributions are voluntary and are determined on an individual basis subject to the maximum allowable under federal tax regulations. The Company made contributions to the plan of $31,000 and $0 for the three months ended June 30, 2016 and 2015, respectively and $172,000 and $18,000 for the six months ended June 30, 2016 and 2015, respectively.

Employee Stock Purchase Plan

Concurrent with the completion of the IPO in October 2015, the Company's 2015 Employee Stock Purchase Plan ("ESPP") became effective. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The ESPP generally provides for six-month offering periods, and at the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last trading day of the offering period. No shares were issued under the ESPP as of June 30, 2016 and December 31, 2015. Shares available for future purchase under the ESPP were 714,798 at June 30, 2016.

18. Net Loss Per Share Attributable to Common Stockholders

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Redeemable convertible preferred stock (on an as-converted basis)	—	20,526,831	—	19,557,617
Convertible preferred stock (on an as-converted basis)	—	244,782	—	244,782
Options to purchase common stock	6,140,230	3,237,881	6,045,639	2,903,046
Convertible preferred stock warrants	—	81,620	—	81,620
Total	6,140,230	24,091,114	6,045,639	22,787,065

A reconciliation of the numerator and denominator used in the calculation of the basic and diluted net loss per share attributable to common stockholders is as follows (in thousands except share and per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Numerator:				
Net loss	$ (14,176)	$ (5,806)	$ (30,205)	$ (12,017)
Add: accretion to redemption value and cumulative dividends on preferred stock	—	(1,757)	—	(3,189)
Net loss attributable to common stockholders	$ (14,176)	$ (7,563)	(30,205)	(15,206)
Denominator:				
Weighted-average common shares outstanding used to calculate net loss per share attributable to common stockholders, basic and diluted	36,113,363	1,001,010	36,088,393	998,793
Net loss per share attributable to common stockholders, basic and diluted	$ (0.39)	$ (7.56)	$ (0.84)	$ (15.22)

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 consolidated financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited consolidated financial statements and notes thereto for the year ended December 31, 2015, included in our Annual Report on Form 10-K, as filed with the U.S. Securities and Exchange Commission ("SEC") on March 7, 2016.

Overview

We are an oncology-focused biopharmaceutical company pioneering a novel class of antibody therapeutics based on our Probody technology platform. We are using our platform to create proprietary cancer immunotherapies against clinically-validated targets as well as to develop first-in-class cancer therapeutics against novel targets. We believe that our Probody platform has the potential to improve the combined efficacy and safety profile, or therapeutic window, of monoclonal antibody modalities including cancer immunotherapies, antibody drug conjugates ("ADCs") and T-cell-recruiting bispecific antibodies. Our Probody therapeutics are designed to take advantage of unique conditions in the tumor microenvironment to enhance the tumor-targeting features of an antibody and reduce drug activity in healthy tissues. We are currently developing Probody therapeutics that address clinically-validated cancer targets in immuno-oncology, such as PD-L1, against which clinical candidate CX-072 is directed, as well as novel targets, such as CD-166 with our CX-2009 PDC, that are difficult to drug and lead to concerns about damage to healthy tissues, or toxicities. In addition to our proprietary programs, we are collaborating with strategic partners including AbbVie Ireland Unlimited Company ("AbbVie"), Bristol-Myers Squibb Company ("BMS"), Pfizer Inc. ("Pfizer"), MD Anderson Cancer Center ("MD Anderson") and ImmunoGen, Inc. ("ImmunoGen") to develop selected Probody therapeutics. Our broad technology platform and lead product candidates are supported by a decade of thorough scientific research and strong intellectual property, and we are advancing these candidates toward clinical trials. Our vision is to transform lives with safer, more effective therapies. To realize this vision we are executing on our mission of changing the treatment of cancer by urgently advancing our Probody pipeline.

We do not currently have any product candidates in clinical trials or 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 $14.2 million for the three months ended June 30, 2016 and $30.2 million for the six months ended June 30, 2016. As of June 30, 2016, we had an accumulated deficit of $147.7 million. We expect to continue to incur significant losses for the foreseeable future.

We have three pipeline strategies that we are pursuing with our Probody platform: (i) developing a novel class of immuno-oncology therapies directed against clinically-validated targets, (ii) developing first-in-class therapeutics directed against difficult-to-drug targets and (iii) collaborating with leading pharmaceutical companies to discover and develop Probody therapeutics against selected targets.

Regulatory agencies, including the United States Food and Drug Administration ("FDA"), regulate many aspects of a product candidate's life cycle, including research and development and preclinical and clinical testing. We have product candidates that are still in research and preclinical development, which means that they have not yet been tested on humans. We will need to commit significant time and resources to develop these and additional product candidates. Many product candidates in human clinical trials fail to demonstrate the desired safety and efficacy characteristics. 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, we cannot predict with any certainty 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. We have no commercial manufacturing facilities for our product candidates. 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

Our critical accounting policies are described in Note 3 to our financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. There have been no material changes to our critical accounting policies during the six months ended June 30, 2016.

Components of Results of Operations

Revenue

Our revenue to date has been primarily derived from non-refundable license payments and reimbursements for research and development expenses under our research, collaboration, and license agreements. We recognize revenue from upfront payments ratably over the term of our estimated period of performance under the agreement. In addition to receiving upfront payments, we may also be entitled to milestone and other contingent payments upon achieving predefined objectives. Revenue from milestones, if they are nonrefundable and deemed substantive, is recognized upon successful accomplishment of the milestones. To the extent that non-substantive milestones are achieved and we have remaining performance obligations, milestones are deferred and recognized as revenue over the estimated remaining period of performance. Reimbursements from Pfizer and BMS for research and development costs 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 do 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 collaborations with BMS, Pfizer, ImmunoGen and AbbVie, and any future 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.

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 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 they are incurred.

We expect our research and development expenses to increase substantially in absolute dollars in the future as we advance our product candidates into and through clinical trials and pursue regulatory approval of our product candidates. 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 legal, accounting and audit services and other consulting fees. Allocated expenses consist of rent expense related to our office and research and development facility. We expect to incur additional expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC, and those of any national securities exchange on which our securities are traded, additional insurance expenses, investor relations activities and other administrative and professional services. We also expect to increase our administrative headcount to operate as a public company and as we advance our product candidates through clinical development, which will also increase our general and administrative expenses.

Interest Income

Interest income primarily consists of interest income from our cash equivalents and short-term investments.

Interest Expense

Interest expense primarily consists of interest costs related to our borrowings under our loan agreements and amortization of premiums on our short-term investments.

Other Income (Expense), Net

Other income (expense), net consists primarily of changes to the estimated fair value of the convertible preferred stock warrant liability and the convertible preferred stock liability.

Results of Operations

For the Three and Six Months Ended June 30, 2016 and 2015.

Revenues

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
	(in thousands)			(in thousands)		
Total revenues	$ 3,094	$ 2,043	$ 1,051	$ 5,317	$ 3,785	$ 1,532

Revenue increased $1.1 million during the three months ended June 30, 2016 compared to the corresponding period in 2015. The increase in revenue was primarily due to $0.8 million in recognized revenue related to the amortization of the upfront payment received pursuant to the AbbVie Agreements and a $0.3 million increase in recognized revenue related to the payment made by BMS in connection with its selection of a third target.

Revenue increased $1.5 million during the six months ended June 30, 2016 compared to the corresponding period in 2015. The increase in revenue was primarily due to $0.8 million in recognized revenue related to the amortization of the upfront payment received pursuant to the AbbVie Agreements and a $0.6 million increase in recognized revenue related to the payment made by BMS in connection with its selection of a third target, and a $0.1 million increase in recognized revenue related to the Pfizer milestone payments received as a result of the shortened research timeline.

Operating Costs and Expenses

Research and Development Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
	(in thousands)			(in thousands)		
Research and development expenses	$ 12,705	$ 5,033	$ 7,672	$ 26,070	$ 9,697	$ 16,373

Research and development expense increased $7.7 million during the three months ended June 30, 2016 compared to the corresponding period in 2015. The increase was primarily attributable to an increase of $3.8 million in manufacturing costs for the Company's CX-072 and CX-2009 programs in preparation for preclinical and clinical studies, an increase of $1.5 million in laboratory and professional services, an increase of $0.9 million in personnel-related expenses due to an increase in headcount, an increase of $0.9 million in stock based compensation primarily due to higher stock valuation, and an increase of $0.5 million in royalty payments by the Company to a third party, which were triggered by the upfront payment received pursuant to the AbbVie Agreements.

Research and development expense increased $16.4 million during the six months ended June 30, 2016 compared to the corresponding period in 2015. The increase was attributable to an increase of $9.4 million in manufacturing costs for the Company's CX-072 and CX-2009 programs in preparation for preclinical and clinical studies, an increase of $2.1 million in laboratory and professional services, an increase of $2.1 million in stock based compensation primarily due to higher stock valuation, an increase of $1.8 million in personnel-related expenses due to an increase in headcount, and an increase of $0.9 million in royalty payments by the Company to a third party, which were triggered by the milestone payment made by BMS in connection with its selection of a third target and the upfront payment received pursuant to the AbbVie Agreements.

General and Administrative Expenses

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
	(in thousands)			(in thousands)		
General and administrative expenses	$ 4,647	$ 2,552	$ 2,095	$ 9,687	$ 4,498	$ 5,189

General and administrative expense increased $2.1 million during the three months ended June 30, 2016 compared to the corresponding period in 2015. The increase was primarily attributable to an increase of $0.9 million in stock based compensation primarily due to higher stock valuations, an increase of $0.8 million in personnel-related expenses due to an increase in headcount, and an increase of $0.4 million in consulting and professional services expense due to costs associated with operating as a public company.

General and administrative expense increased $5.2 million during the six months ended June 30, 2016 compared to the corresponding period in 2015. The increase was attributable to an increase of $2.0 million in stock based compensation primarily due to higher stock valuations, an increase of $1.7 million in consulting and professional services expense associated with operating as a public company, and an increase of $1.5 million in personnel-related expenses due to an increase in headcount.

Interest Income, Interest Expense and Other Income (Expense), net

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
	(in thousands)			(in thousands)		
Interest income	$ 660	$ 329	$ 331	$ 1,150	$ 467	683
Interest expense	(465)	(408)	(57)	(818)	(638)	(180)
Other income (expense), net	(110)	(180)	70	(91)	(1,431)	1,340
Total Interest and other income (expense)	$ 85	$ (259)	$ 344	$ 241	$ (1,602)	$ 1,843

Interest Income

Interest income increased $0.3 million during the three months ended June 30, 2016 compared to the corresponding period in 2015. The increase was attributable to interest income earned on cash equivalents and short-term investments as a result of the proceeds received from our preferred stock financings in May 2015 and June 2015, and our IPO in October 2015.

Interest income increased $0.7 million during the six months ended June 30, 2016 compared to the corresponding period in 2015. The increase was attributable to interest income earned on cash equivalents and short-term investments as a result of the proceeds received from our preferred stock financings in May 2015 and June 2015, and our IPO in October 2015.

Interest Expense

Interest expense was relatively flat during the three months ended June 30, 2016 compared to the corresponding period in 2015.

Interest expense increased $0.2 million during the six months ended June 30, 2016 compared to the corresponding period in 2015. The increase was primarily attributable to a $0.4 million increase in amortization of premiums on our short-term investments, partly offset by a decrease of $0.2 million interest expense due to repayment and termination of our debt facility in September 2015.

Other Income (Expense), Net

Other income (expense) was relatively flat during the three months ended June 30, 2016 compared to the corresponding period in 2015.

Other income (expense), net decreased $1.3 million during the six months ended June 30, 2016, compared to the corresponding period in 2015. The decrease was primarily attributable to a loss of $1.3 million related to an increase in the fair value of our convertible preferred stock warrant liability incurred in 2015.

Liquidity and Capital Expenditures

Sources of Liquidity

As of June 30, 2016, we had cash, cash equivalents and short-term investments of $195.8 million and an accumulated deficit of $147.7 million, compared to cash and cash equivalents of $186.7 million and an accumulated deficit of $117.5 million as of December 31, 2015. To date, we have financed our operations primarily through sales of our common stock in conjunction with the IPO, sales of our convertible preferred securities and payments received under our collaboration agreements. In May and June 2015, respectively, an investor exercised its option to purchase 659,209 shares of Series C redeemable convertible preferred stock for net proceeds of $3.5 million and we issued 7,490,540 shares of Series D redeemable convertible preferred stock for net proceeds of $69.7 million.

On October 14, 2015, we consummated our IPO and sold 7,666,667 shares of our common stock at a price of $12.00 per share, which included the exercise of the underwriters' option to purchase 1,000,000 additional shares of common stock. We received net proceeds of approximately $81.8 million, after deducting underwriting discounts, commissions and offering expenses. Immediately prior to the consummated IPO, all outstanding shares of the convertible preferred stock and redeemable convertible preferred stock converted into common stock on a one-for-one basis.

Based upon our current operating plan, we expect our existing capital resources will be sufficient to fund operations through 2018. However, if the anticipated operating results are not achieved in future periods, the 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 development efforts, the results of any clinical trials and other studies, our operating costs and expenditures and other factors describe under the caption "Risk Factors" in this Quarterly Report on Form 10-Q. The cost and timing of developing our products, including CX-2009 and CX-072, 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 of these product candidates in clinical development, the identification of a more promising product candidate 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 in thousands:

	Six Months Ended June 30,	
	2016	2015
Net cash provided by (used in):		
Operating activities	$ 10,214	$ (11,480)
Investing activities	(7,901)	(81,012)
Financing activities	244	73,938
Net (decrease) increase in cash and cash equivalents	$ 2,557	$ (18,554)

Cash Flows from Operating Activities

During the six months ended June 30, 2016, cash provided by operating activities was $10.2 million, which consisted of a net loss of $30.2 million, adjusted by non-cash charges of $6.5 million and a net increase of $33.9 million in our net operating assets. The non-cash charges primarily consisted of $4.9 million in stock-based compensation, $0.8 million in depreciation and amortization and $0.8 million in amortization premiums on our short-term investments. The change in our net operating assets and liabilities was primarily attributable to an increase of $35.4 million in deferred revenue, which primarily due to a $30.0 million upfront payment from AbbVie in connection with AbbVie Agreements and a $10.0 million milestone payment from BMS in connection with its selection of a third target, an increase of $2.3 million in accrued liabilities and an increase of $0.5 million in accounts receivable and other assets. Such increase was partially offset by a decrease of $3.2 million in accounts payable and $1.1 million in prepaid expenses and other current assets.

During the six months ended June 30, 2015, cash used in operating activities was $11.5 million, which consisted of a net loss of $12.0 million, adjusted by non-cash charges of $3.2 million and a net decrease of $2.7 million in our net operating assets. The non-cash charges primarily consisted of depreciation and amortization of $0.6 million, stock-based compensation of $0.7 million, amortization of premiums on our short-term investments of $0.4 million, a loss on remeasurement of our convertible preferred stock warrant liability of $0.3 million and a $1.1 million loss from the revaluation of the convertible preferred stock liability. The change in our net

operating assets and liabilities was primarily attributable to a decrease of $3.1 million in deferred revenue due to the recognition of upfront fees received, a decrease of $0.2 million in accounts payable and accrued liabilities due to the payment of issuance costs, and an increase of $0.6 million in prepaid expenses and other assets primarily due to accrued interest receivable from our short-term investments and prepayment of rent for our facility, which was partially offset by a decrease of $1.2 million in accounts receivable primarily due to the receipt of the $1.5 million upfront payment from Pfizer in the first six months ended June 30, 2015 pursuant to the Pfizer Agreement.

Cash Flows used in Investing Activities

Cash used in investing activities during the six months ended June 30, 2016 was $7.9 million, which consisted of $97.9 million used in the purchase of short-term investments and $0.7 million of capital expenditures used to purchase property and equipment. Such uses were partially offset by the $90.7 million in proceeds received upon the maturity of marketable securities.

Cash used in investing activities during the six months ended June 30, 2015 was $81.0 million, which consisted of $1.0 million of capital expenditures used to purchase property and equipment and $90.0 million used to purchase short-term investments. Such uses were offset by the $10.0 million in proceeds received upon the maturity of marketable securities.

Cash Flows from Financing Activities

During the six months ended June 30, 2016, cash provided by financing activities primarily consisted of proceeds from the exercise of stock options and repayment of stockholder notes.

During the six months ended June 30, 2015, cash provided by financing activities was $73.9 million, which primarily consisted of $74.7 million in net proceeds from the issuance of preferred stock, partially offset by repayments on our borrowings of $0.7 million.

Contractual Obligations

The following table summarizes our contractual obligations as of June 30, 2016 (in thousands):

	Payments Due by Period[4]					
	2016 (1)	2017	2018	2019	2020 +	Total
Operating leases[2]	$ 863	$ 3,387	$ 4,374	$ 4,506	$ 34,144	$ 47,274
Royalty obligations [3]	—	150	—	—	—	150
Total contractual obligations	$ 863	$ 3,537	$ 4,374	$ 4,506	$ 34,144	$ 47,424

(1) Remainder of the year

(2) We lease our current facility under a long-term operating lease, which expires in 2019. In March 2016, we entered into an agreement with our current landlord to terminate the lease effective November 30, 2016. We entered into in a new lease in December 2015 under a long-term operating lease, which expires in 2026.

(3) We have royalty obligations under the terms of certain exclusive licensed patent rights. See Note 9 to our financial statements, included in Part I, Item I of this Quarterly Report.

(4) This table excludes unrecognized tax benefits of $666,000 as of December 31, 2015 because these uncertain tax positions, if recognized, would be an adjustment to our deferred tax assets.

Off-Balance Sheet Arrangements

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

JOBS Act Accounting Election

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We do intend to rely on other exemptions provided by the JOBS Act, including, without limitation, providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of the IPO, (b) in which we have total annual gross revenue of at least $1.0 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

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 $195.8 million as of June 30, 2016 and $186.7 million as of December 31, 2015, 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. Due to the short-term duration of our investment portfolio and low risk profile of our investments, an immediate 10% increase in interest rate would not have material effect on the fair market value of our 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) and 15d-15(e) under the Exchange Act of 1934, as amended (the "Exchange Act") refers to controls and procedures that are designed to ensure that information required to be disclosed by a company 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 a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. 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 June 30, 2016, 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 were no changes in our internal control over financial that occurred during the period covered by this Quarterly Report on Form 10-Q 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 not currently a party to any material litigation or legal proceedings.

Item 1A. Risk Factors

Our business involves significant risks, some of which are described below. You should carefully consider these risks, as well as the other information in this Quarterly Report on Form 10-Q, including our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations." The occurrence of any of the events or developments described below could have a material and adverse effect on our business, results of operations, financial condition, prospects and stock price. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Business

We are a preclinical stage biopharmaceutical company with 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 preclinical 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 June 30, 2016, we had an accumulated deficit of $147.7 million. For the six months ended June 30, 2016, our net loss was $30.2 million. 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 never generated any revenue from product sales, and have not obtained regulatory approval for any of our product candidates.

Furthermore, we 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 enter into clinical development of our lead 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 existing or future 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 existing or future 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. If our product candidates enter and advance through preclinical studies and clinical trials, we will need substantial additional funds to expand our development, regulatory, manufacturing, marketing and sales capabilities. We have used substantial funds to develop our technology and product candidates and will require significant funds to conduct further research and development and preclinical testing and clinical trials of our 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 June 30, 2016, we had $195.8 million in cash, cash equivalents and short-term investments. Based on our current operating plan, we expect our existing capital resources will be sufficient to fund operations through 2018. 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 new and ongoing research and development and other corporate activities. Because the length of time and activities associated with successful research and development of our product candidates is highly uncertain, we are unable to estimate the actual funds we will require for development and any approved marketing and commercialization activities.

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

- the timing and progress of preclinical and clinical development activities;
- the number, size and type of preclinical studies and clinical trials 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 and scope of preclinical and clinical programs we decide to pursue;
- the time and cost necessary to produce clinical supplies of our 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 milestone payments we may receive under our collaborations 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;
- the cost and timing of regulatory approvals; and
- our efforts to enhance operational systems and hire additional personnel, including personnel to support development 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, if any, 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 in conjunction with the IPO, sale of our convertible preferred securities and payments received under our collaboration agreements. 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. 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.

Our product candidates are in early stages of development and have never been tested in a human subject. Our product candidates may fail in development or suffer delays that materially and adversely affect their commercial viability.

We have no products on the market and all of our product candidates, including cancer immunotherapies, PDCs and bispecific antibodies, are in preclinical stages of development, except for CX-072 for which we expect to file an IND this year. In particular, none of our product candidates has ever been tested in a human subject. 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 an existing or future collaborator must conduct extensive preclinical tests and clinical trials to demonstrate the safety and efficacy in humans of our product candidates.

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 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 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;
- greater than anticipated clinical trial costs;
- poor effectiveness of our product candidates during clinical trials;
- 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.

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 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 existing products, which 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. Further, the scientific evidence to support the feasibility of developing therapeutic treatments based on our Probody platform is both preliminary and limited.

No product candidates based on our Probody platform have been tested in humans. We may ultimately discover that our Probody platform and any product candidates resulting therefrom do not possess certain properties required for therapeutic effectiveness. For example, when administered in a human, the peptide mask may not be cleaved, which would limit the potential efficacy of the antibody and reduce the potential to limit the toxicity of the anti-cancer agent. In addition, if the peptide mask is released, it may result in unforeseen events when administered in human. Furthermore, Probody product candidates may also be unable to remain stable in the human body for the period of time required for the drug to reach the target tissue or they may trigger immune responses that inhibit the ability of the product candidate to reach the target tissue or that cause adverse side effects in humans. We currently have only limited data, and no conclusive evidence, to suggest that we can introduce these necessary properties into our Probody platform and any product candidates. We may spend substantial funds attempting to introduce these properties and may never succeed in doing so. 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 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. 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.

Further, we are not aware of any company currently developing a therapeutic using a prodrug approach to antibody drug development and no regulatory authority has granted approval for a therapeutic of this kind. As such, we believe the FDA has limited early experience with Probody-based therapeutics in oncology or other disease areas, which may increase the complexity, uncertainty and length of the regulatory approval process for our product candidates. For example, while we intend to commence a Phase 1 clinical trial of CX-072, our PDC candidate directed against PD-L1 ("CX-072"), for cancer in 2016, and to commence a Phase 1 clinical trial of CX-2009, our PDC candidate directed against CD-166 ("CX-2009"), for cancer in 2017, commencing these clinical trials is subject to finalizing the trial design and filing an IND or similar filing with the FDA or similar foreign regulatory authority. As there is limited historical precedent for the approval of Probody-based therapeutics in oncology, there is a higher degree of risk that 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. As a result, we and our existing or future collaborators may never receive approval to market and commercialize any product candidate. Even if we or an existing or future collaborator obtains regulatory approval, the approval may be for targets, disease indications or patient populations that are not as broad as we intended or desired or may require labeling that includes significant use or distribution restrictions or safety warnings. We or an existing or future collaborator 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 our Probody technologies prove to be ineffective, unsafe or commercially unviable, our entire platform and pipeline would 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 existing or future collaborators. 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;
- 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;
- 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 adequate government and third-party payor reimbursement;
- 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 Pfizer, BMS, ImmunoGen and AbbVie 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 the amount and timing of resources that our collaborators dedicate to the development or commercialization of our product candidates. Further, our ability to generate revenues from these arrangements will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements.

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

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- 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 external factors such as an acquisition that diverts resources or creates competing priorities;
- 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;
- collaborators m 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 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. 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 existing or future 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, 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 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 existing or future collaborators were to terminate a collaboration agreement, we may be forced , in some cases, to independently develop these product candidates, including funding preclinical or clinical trials, assuming marketing and distribution costs and defending intellectual property rights, or, in certain instances, abandoning product candidates altogether, any of which could result in a change to our business plan and have a material adverse effect on our business, financial condition, results of operations and prospects.

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.

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

We intend to rely on third-party clinical investigators, contract research organizations ("CROs"), clinical data management organizations and consultants to design, conduct, supervise and monitor preclinical studies and clinical trials of our product candidates. Because we intend to rely on these third parties, we will have less control over the timing, quality and other aspects of preclinical studies and clinical trials than we would have had we conducted them on our own. These investigators, CROs and consultants will not be our employees and we will 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 may 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.

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.

Because we rely on third-party manufacturing and supply partners, 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 preclinical and clinical trial product supplies. We do not own manufacturing facilities for producing such supplies. 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 our manufacturer could require significant effort and expertise because there may be a limited number of qualified replacements.

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, or if our supply of components or other materials becomes limited or interrupted for other reasons, 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. 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 an existing or future 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.

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.

In order to conduct clinical trials of our product candidates, we will need to manufacture them in large quantities. We, or any manufacturing partners, may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. 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.

We may acquire additional technologies and assets, form strategic alliances or create joint ventures with third parties that we believe will complement or augment our existing business. If we acquire assets with promising markets or technologies, we may not be able to realize the benefit of acquiring such assets if we are unable to successfully integrate them with our existing technologies.

We may encounter numerous difficulties in developing, manufacturing and marketing any new products resulting from a strategic alliance or acquisition that delay or prevent us from realizing their expected benefits or enhancing our business. We cannot assure you that, following any such acquisition, we will achieve the expected synergies to justify the transaction.

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, including CX-072 and CX-2009. As a result, we may forgo or delay pursuit of opportunities 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 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. There is intense and rapidly evolving competition in the biotechnology, biopharmaceutical and antibody and immunoregulatory therapeutics fields. 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. Our competitors include larger and better funded biopharmaceutical, biotechnological and therapeutics companies. Moreover, we also compete with current and future therapeutics developed at universities and other research institutions.

We are aware of several companies that are developing cancer immunotherapies and ADCs. Many of these companies are well-capitalized and, in contrast to us, have significant clinical experience, and may include our existing or future collaborators. In addition, these companies compete with us in recruiting scientific and managerial talent.

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.

If our lead product candidates, CX-072 and CX-2009, are approved, they will compete with a range of therapeutic treatments that are either in development or currently marketed. Indeed, a variety of oncology drugs and therapeutic biologics are on the market or in clinical development. Such marketed therapies range from ADCs such as Genentech, Inc.'s Kadcyla, immune checkpoint inhibitors such as BMS's Opdivo and T-cell engager immunotherapies such as Amgen, Inc.'s BLINCYTO. In addition, numerous compounds are in clinical development for cancer treatment. With respect to immunogenic cancers such as melanoma, the most common treatments are chemotherapeutic compounds, radiation therapy and now immunotherapeutic antibodies such as Opdivo, Yervoy and Merck & Co., Inc.'s Keytruda. The clinical development pipeline for cancer includes small molecules, antibodies and immunotherapies from a variety of groups.

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 obsolete 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, W. Michael Kavanaugh, M.D., our chief scientific officer and Rachel W. Humphrey, M.D., our chief medical 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.

If our product candidates advance into clinical trials, we may experience difficulties in managing our growth and expanding our operations.

We have limited experience in product development and have not begun clinical trials for any of our product candidates. As our product candidates enter and advance through preclinical studies and any clinical trials, we will need to expand our development, regulatory and manufacturing capabilities or contract with other organizations to provide these capabilities for us. In the future, we expect to have to manage additional relationships with collaborators or partners, suppliers and other organizations. Our ability to manage our operations and future growth will require us to continue to 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.

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.

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.

As we move into conducting clinical trials of our product candidates we will be exposed to significant product liability risks inherent in the development, testing, manufacturing and marketing of therapeutic treatments. Product liability claims could delay or prevent completion of our development programs. If we succeed in marketing products, such claims could result in an FDA investigation of the safety and effectiveness of our products, our manufacturing processes and facilities 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 as well as product liability 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 may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees 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 healthcare fraud and abuse 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. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter employee misconduct, 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. 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 internal computer systems, or those of our CROs or other contractors or consultants we may utilize, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

Despite the implementation of security measures, our internal computer systems and those of our CROs and other contractors and consultants we may utilize, 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 preclinical data or data from any future clinical trial involving our product candidates could result in delays in our development and regulatory filing efforts and significantly increase our costs. 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 and the development of our product candidates could be delayed.

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, development and manufacturing 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, development and manufacturing 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 information technology systems could face serious disruptions that could adversely affect our business.

Our information technology and other internal infrastructure systems, including corporate firewalls, servers, leased lines and connection to the Internet, face the risk of systemic failure that could disrupt our operations. A significant disruption in the availability of our information technology and other internal infrastructure systems could cause interruptions and delays in our research and development work.

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. 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 Securities and Exchange Commission. 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. In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers which supersedes nearly all existing U.S. GAAP revenue recognition guidance. The new standard will be effective for our fiscal year 2018 with early adoption permitted for our fiscal year 2017. Although we are currently in the process of evaluating the impact of ASU 2014-09 on our consolidated financial statements, it could change the way we account for certain of our sales transactions. Thus, adoption of the standard could have a significant impact on our financial statements and may retroactively affect the accounting treatment of transactions completed before adoption. (See "Note 3 – Summary of Significant Accounting Policies" for additional discussion of the accounting changes).

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. We have performed an IRC Section 382 analysis and determined there was an ownership change in 2015. As a result, the federal and state carryforwards associated with the net operating loss and credit deferred tax assets were reduced by the amount of tax attributes estimated to expire 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. As of December 31, 2015, we had federal and state net operating loss carryforwards of approximately $14.3 million and $14.3 million, respectively, and our ability to utilize those net operating loss carryforwards could be limited by an "ownership change" as described above, which could result in increased tax liability to our company.

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. As of July 27, 2016, we solely own ten patents and 125 pending patent applications; we co-own four patents and seven pending patent applications with UC, acting through its Santa Barbara Campus and one patent and one pending patent application with UC, acting through its San Francisco Campus; and, under an exclusive, worldwide license agreement with UC, acting through its Santa Barbara Campus (the "UC Agreement"), we have licensed fourteen patents and seven pending patent applications that cover compositions and methods related to the screening and identification of the masks and protease-cleavable linkers that we incorporate into our Probody candidates. We also exclusively licensed UCSB's rights in the co-owned patent family. 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 unmodified. 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 partes 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 existing or future 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 existing or future 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 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 several of these patents from a third party on an exclusive basis for therapeutics applications. The issued patents and pending patent applications in the U.S. 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 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, European Union, Japan, Australia and Canada and, depending on the individual case, also in any or all of, *inter alia*, Brazil, China, Hong Kong, India, Israel, Mexico, New Zealand, Russia, 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. 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 existing or future 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 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, 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. 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 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 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 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 or misappropriating or from successfully challenging our intellectual property rights. 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 intellectual property rights that are necessary for developing and protecting our product candidates or we could lose certain rights to grant sublicenses.

Our current license imposes, and any future licenses we enter into are likely to impose, various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement and/or other obligations on us. 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 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 or otherwise violating the licensor's rights. In addition, while we cannot currently determine the amount of the royalty obligations we would be required to pay on sales of future products, if any, the amounts may be significant. The amount of our future royalty 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.

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

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.

All of our product candidates are in preclinical development and their risk of failure is high. It is impossible to predict when or if any of our 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 must complete preclinical studies and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing 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. 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.

We plan to commence a Phase 1 clinical trial of CX-072, our candidate directed against PD-L1, for cancer in 2016, and a Phase 1 clinical trial of CX-2009, our PDC candidate directed against CD-166, for cancer in 2017. Commencing these clinical trials is subject to finalizing the trial design and filing an IND or similar filing with the FDA or similar foreign regulatory authority. We expect to file an IND for CX-072 in the second half of 2016 and file an IND for CX-2009 in the first half of 2017. However, even after we file our IND or comparable submissions in other jurisdictions, 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 trials, causing an increase in the amount of time and expense required to develop our product candidates.

We may experience delays in completing our preclinical studies and initiating or completing clinical trials of our product candidates. We do not know whether planned preclinical studies and clinical trials will be completed on schedule or at all, or whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all. Our development programs may be delayed for a variety of reasons, including delays related to:

- 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 approval to commence a clinical trial;
- reaching agreement on acceptable terms with prospective 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;
- recruiting suitable patients to participate in a clinical trial;
- developing and validating the companion diagnostic to be used in a clinical trial;
- 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; or
- manufacturing sufficient quantities of our product candidates for use in clinical trials.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, 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. Furthermore, we expect to rely on our collaborators, CROs and clinical trial sites to ensure the 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.

We could encounter delays 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. 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. If we 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 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. 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.

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

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. 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.

We have very 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. 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.

Because the product candidates we are developing may represent a new class of therapeutic biologics, the FDA and its foreign counterparts have not yet established any definitive policies, practices or guidelines in relation to these product candidates. While we believe the 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"), the FDA could decide to regulate them as drugs that are subject to requirements for review and approval of an NDA by CDER or as biological products that are subject to requirements for review and approval of a BLA by the FDA's Center for Biologics Evaluation and Research ("CBER"). The lack of policies, practices or guidelines may hinder or slow review by the FDA of any regulatory filings that we may submit. Moreover, the FDA may respond to these 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 risk evaluation and mitigation strategies ("REMS") plan as part of an NDA or 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 existing or future 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. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. 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.

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 Healthcare and Education Reconciliation Act (together, the "ACA"), was passed, which substantially changes the way health care is financed by both governmental and private insurers, and significantly impacts the U.S. pharmaceutical industry. The ACA, among other things, subjects therapeutic biologics to potential competition by lower-cost biosimilars, addresses 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, increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extends the rebate program to individuals enrolled in Medicaid managed care organizations, establishes annual fees and taxes on manufacturers of certain branded prescription drugs and therapeutic biologics, and a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts 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.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. On August 2, 2011, the Budget Control Act of 2011 among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes 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 2024 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.

Moreover, payment methodologies may be subject to changes in healthcare legislation and regulatory initiatives. For example, the Middle Class Tax Relief and Job Creation Act of 2012 required that the Centers for Medicare & Medicaid Services ("CMS"), the agency responsible for administering the Medicare program, reduce the Medicare clinical laboratory fee schedule by 2% in 2013, which served as a base for 2014 and subsequent years. In addition, effective January 1, 2014, CMS also began bundling the Medicare payments for certain laboratory tests ordered while a patient received services in a hospital outpatient setting. 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.

If we or existing or future 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. 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 or 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;
- U.S. federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), which imposes criminal and civil liability for executing 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 and Clinical Health Act ("HITECH"), which impose obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouse as well as their business associates that perform certain services involving the use or disclosure of 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 federal Open Payments regulations under the National Physician Payment Transparency Program have been issued under the ACA, which require that manufacturers of drugs and therapeutic biologics reimbursable under Medicare, Medicaid, and Children's Health Insurance Programs to report to the Department of Health and Human Services certain consulting fees, travel reimbursements, research grants, and other payments or gifts with values over $10 made to physicians and teaching hospitals; 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; and some state laws 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 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. 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 existing or future 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.

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 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.

Our ability to obtain services, reimbursement or funding from the federal government may be impacted by possible reductions in federal spending.

U.S. federal government agencies currently face potentially significant spending reductions. Under the Budget Control Act of 2011, the failure of Congress to enact deficit reduction measures of at least $1.2 trillion for the years 2013 through 2021 triggered automatic cuts to most federal programs. These cuts include aggregate reductions to Medicare payments to providers of up to two percent per fiscal year, which started in April 2013, and, due to subsequent legislative amendments, will stay in effect through 2024 unless additional legislative action is taken. The American Taxpayer Relief Act of 2012, which was enacted on January 1, 2013, also reduced Medicare payments to several 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. The full impact on our business, financial condition, results of operations and prospects of these cuts is uncertain. 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.

If any of our product candidates receives marketing approval and we or others later identify undesirable side effects caused by the product candidate, our ability to market and derive revenue from the product candidates could be compromised.

Undesirable side effects caused by our product candidates could cause 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. While we have not yet initiated clinical trials for any of our product candidates, it is likely that there may be side effects associated with their use. Results of our trials could reveal a high and unacceptable severity and prevalence of these or other side effects. In such an event, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could 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. 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 or others identify undesirable side effects caused by one of our products, 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 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.

A Breakthrough Therapy Designation by the FDA for our product candidates may not lead to a faster development or regulatory review or approval process, and it does not increase the likelihood that our product candidates will receive marketing approval.

We may seek a Breakthrough Therapy Designation for some of our product candidates. A breakthrough therapy is defined as a product that is intended, alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For products that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Products designated as breakthrough therapies by the FDA can also be eligible for accelerated approval.

Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if we believe one of our product candidates 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 a Breakthrough Therapy Designation for a product candidate may not result in a faster development process, review or approval compared to products considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of our product candidates qualify as breakthrough therapies, the FDA may later decide that the products no longer meet the conditions for qualification and rescind the breakthrough designation.

A Fast Track Designation by the FDA may not actually lead to a faster development or regulatory review or approval process.

We may seek Fast Track Designation for some of our product candidates. If a product is intended for the treatment of a serious or life-threatening condition and the product demonstrates the potential to address unmet medical needs 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 withdraw Fast Track Designation if it believes that the designation is no longer supported by data from our clinical development program.

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 annually 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 NDA or 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.

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;
- any intellectual property infringement lawsuit or opposition, interference or cancellation proceeding in which we may become involved;
- 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. From October 8, 2015, the first day of trading our common stock, through August 1, 2016, our stock had high and low sales prices in the range of $24.68 and $9.01 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 preclinical and clinical studies of our product candidates, or those of our competitors or our existing or future 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 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.

In addition, the stock markets in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme volatility 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.

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. Future issuances of our common stock or other equity securities, 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 nine months or one year of his or her base salary as well as continued medical and dental coverage for a period of nine months or one year 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 nine months or one year of his or her base salary as well as continued medical and dental coverage for a period of nine months or one year, as well as an additional lump sum payment equal to three-fourths or 100% 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 only recently began trading on The NASDAQ Global Select Market, 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 does not develop or 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 June 30, 2016, 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 63% 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.

We are an "emerging growth company" and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"), (2) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years following the consummation of the IPO, although circumstances could cause us to lose that status earlier, including if we are deemed to be a "large accelerated filer," which occurs when the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior June 30, or if we have total annual gross revenue of $1.0 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31, or if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time, in which case we would no longer be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company" which would allow us to take advantage of many of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

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, and particularly after we are no longer an emerging growth company, we incur significant legal, accounting and other expenses that we did not incur as a private company. 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.

We are not currently required to comply with the rules of the SEC that implement Section 404, and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Pursuant to Section 404, we will be required to furnish a report by our management on our internal control over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate -through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, if we are not able to continue to meet these requirements, we may not be able to remain listed on The NASDAQ Global Select Market.

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. If any of our stockholders were to bring a lawsuit of this type against us, even if the lawsuit is without merit, we could 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

On October 7, 2015, our registration statements on Form S-1 (File No. 333-206658) relating to our IPO of common stock became effective.

There has been no material change in the planned use of proceeds from our IPO from that described in the related Prospectus.

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

The list of exhibits set forth in the accompanying Exhibit Index is incorporated by reference into this Item 6.

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: August 3, 2016

By: /s/ Sean A. McCarthy

Sean A. McCarthy, D. Phil.
President, Chief Executive Officer and Director
(principal executive officer)

Date: August 3, 2016

By: /s/ Robert C. Goeltz

Robert C. Goeltz II
Chief Financial Officer
(principal financial officer and principal accounting officer)

EXHIBIT INDEX

Except as so indicated in Exhibits 32.1, 32.2 and 101, the following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

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	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/A	8/28/2015	4.2	
10.1†	Co-Development and License Agreement, dated April 21, 2016, by and between CytomX Therapeutics, Inc. and AbbVie Ireland Unlimited Company.				X
10.2†	Discovery Collaboration and License Agreement, dated April 21, 2016, by and between CytomX Therapeutics, Inc. and AbbVie Ireland Unlimited Company.				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	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X

† Portions of this exhibit have been omitted pursuant to a request for confidential treatment, and omitted portions have been filed separately with the Securities and Exchange Commission.

* 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.

Exhibit 10.1

EXECUTION COPY

CD71 CO-DEVELOPMENT AND LICENSE AGREEMENT

between

CYTOMX THERAPEUTICS, INC.

and

ABBVIE IRELAND UNLIMITED COMPANY

Dated as of April 21, 2016

TABLE OF CONTENTS

SCHEDULES

CD71 CO-DEVELOPMENT AND LICENSE AGREEMENT

This CD71 Co-Development and License Agreement (the "**Agreement**") is made and entered into effective as of April 21, 2016 (the "**Effective Date**") by and between CytomX Therapeutics, Inc., a corporation organized under the laws of Delaware ("**Licensor**"), and AbbVie Ireland Unlimited Company, an unlimited company organized under the laws of Ireland ("**AbbVie**"). Licensor and AbbVie are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, Licensor controls certain intellectual property rights with respect to CD71 Probodies (as defined herein) in the Territory (as defined herein);

WHEREAS, Licensor and AbbVie desire to collaborate in the research, development and commercialization of CD71 PDCs (as defined herein) and Licensed Products (as defined herein), in each case in accordance with the terms and conditions set forth below; and

WHEREAS, Licensor wishes to grant a license to AbbVie, and AbbVie wishes to take, a license under such intellectual property rights to research and develop CD71 Probodies and to research, develop and commercialize CD71 PDCs and Licensed Products in the Territory (as defined herein), in each case in accordance with the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual promises and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows:

ARTICLE 1
DEFINITIONS

Unless otherwise specifically provided herein, the following terms shall have the following meanings:

1.1"**AbbVie**" has the meaning set forth in the preamble hereto.

1.2"**AbbVie Background Know-How**" means all Information that is [***].

1.3"**AbbVie Background Patents**" means all Patents that are [***].

1.4"**AbbVie** [***] **Know-How**" means, as used in connection with any [***], Payload Know-How and AbbVie Program Know-How [***].

1.5"**AbbVie Grantback Patents**" means, as used in connection with any grant back license provided in Section 13.9.1, Payload Patents and AbbVie Program Patents [***].

1.6"**AbbVie Indemnitees**" has the meaning set forth in Section 12.2.

1.7"**AbbVie Program Know-How**" means all Program Know-How that is [***].

1.8"**AbbVie Program Patents**" means Program Patents that are [***].

1.9"**AbbVie Prosecuted Infringements**" has the meaning set forth in Section 8.3.1(b).

1.10"**AbbVie Third Party Payments**" has the meaning set forth in Section 7.6.4(b).

1.11"**Acceptance**" means, with respect to a Drug Approval Application, receipt of written notice from the applicable Regulatory Authority indicating that such Drug Approval Application has been accepted for filing and further review.

1.12"**Accounting Standards**" means, with respect to a Party, that such Party shall maintain records and books of accounts in accordance with United States Generally Accepted Accounting Principles, including with respect to the calculation of Development Costs and Allowable Expenses, the allocation of costs to Development and Commercialization, respectively, of the Co-Development Product, including in the case of Allowable Expenses, allocation between the United States and other territories those costs that are incurred with respect to the United States but also benefit territories outside the United States.

1.13"**Acquisition**" means, with respect to a Party, a merger, acquisition (whether of all of the stock or all or substantially all of the assets of a Person or any operating or business division of a Person) or similar transaction by or with the Party, other than a Change in Control of the Party.

1.14"**ADR**" has the meaning set forth in Section 14.7.1.

1.15"**Adverse Ruling**" has the meaning set forth in Section 13.2.1.

1.16"**Affiliate**" means, with respect to a Party, any Person that, directly or indirectly, through one (1) or more intermediaries, controls, is controlled by or is under common control with such Party. For purposes of this definition, "control" and, with correlative meanings, the terms "controlled by" and "under common control with" means (a) the possession, directly or indirectly, of the power to direct the management or policies of a Person, whether through the ownership of voting securities, by contract relating to voting rights or corporate governance, or otherwise; or (b) the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities or other ownership interest of a Person (or, with respect to a limited partnership or other similar entity, its general partner or controlling entity). The Parties acknowledge that in the case of certain entities organized under the laws of certain countries outside of the United States, the maximum percentage ownership permitted by law for a foreign investor may be less than fifty percent (50%), and that in such case such lower percentage shall be substituted in the preceding sentence, provided that such foreign investor has the power to direct the management or policies of such entity.

1.17[***]

1.18"**Agreement**" has the meaning set forth in the preamble hereto.

1.19"**Alliance Manager**" has the meaning set forth in Section 2.4.6.

1.20"**Allowable Expenses**" means, subject to the other provisions of this Agreement, the following expenses [***]:

(a)	[***];
(b)	[***];
(c)	[***];
(d)	[***];
(e)	[***];
(f)	[***];
(g)	[***];
(h)	[***];
(i)	[***];
(j)	[***];
(k)	[***];
(l)	[***]; and
(m)	[***].

provided, *that* [***];

further provided, that in determining each of clause (a) through (m), as applicable, for any costs that are applicable to [***]; and further provided that [***].

1.21"**Alternate First CD71 PDC**" means a CD71 PDC approved by the JRC pursuant to Section 2.1.2(i) to replace the Lead First CD71 PDC.

1.22"**Antibody(ies)**" means:

1.22.1an immunoglobulin (Ig) molecule, generally comprising four (4) polypeptide chains, two (2) heavy (H) chains and two (2) light (L) chains, or an equivalent Ig homologue thereof (e.g., a camelid nanobody, which comprises only a heavy chain, or single domain antibodies (dAbs) which can be either heavy or light chain); including full length functional mutants, variants, or derivatives thereof (including but not limited to chimeric, veneered, humanized antibodies, fully human equivalents (e.g. created by guided selection or similar technology)), which retain the essential epitope binding features of an Ig molecule, and including dual specific, bispecific, multispecific, and dual variable domain immunoglobulins; Immunoglobulin molecules can be of any class (e.g., IgG, IgE, IgM, IgD, IgA, and IgY), or subclass (e.g., IgG1, IgG2, IgG3, IgG4, IgA1, and IgA2) and allotype; or

1.22.2a molecule comprising at least one (1) polypeptide chain that is not full length, including (a) a Fab fragment, which is a monovalent fragment consisting of the variable light (VL), variable heavy (VH), constant light (CL) and constant heavy 1 (CH1) domains; (b) a F(ab')2 fragment, which is a bivalent fragment comprising two (2) Fab fragments

linked by a disulfide bridge at the hinge region; (c) a heavy chain portion of an Fab (Fd) fragment, which consists of the VH and CH1 domains; (d) a variable fragment (Fv) fragment, which consists of the VL and VH domains of a single arm of an antibody, (e) a domain antibody (dAb) fragment, which comprises a single variable domain; (f) an isolated complementarity determining region (CDR); (g) a Single Chain Fv Fragment; (h) a diabody, which is a bivalent, bispecific antibody in which VH and VL domains are expressed on a single polypeptide chain, but using a linker that is too short to allow for pairing between the two (2) domains on the same chain, thereby forcing the domains to pair with the complementarity domains of another chain and creating two (2) antigen binding sites; and (i) a linear antibody, which comprises a pair of tandem Fv segments (VH-CH1-VH-CH1) which, together with complementarity light chain polypeptides, form a pair of antigen binding regions; and (j) other non-full length portions of heavy and/or light chains, or mutants, variants, or derivatives thereof, alone or in any combination.

1.23[***]

1.24"**Applicable Law**" means federal, state, local, national and supra-national laws, statutes, rules, and regulations, including any rules, regulations, guidelines, or other requirements of the Regulatory Authorities, major national securities exchanges or major securities listing organizations, that may be in effect from time to time during the Term and applicable to a particular activity or country or other jurisdiction hereunder.

1.25"**Approved Country**" means (a) the United States; and (b) each other country that may be designated as such by the JDC.

1.26"**Audit Arbitrator**" has the meaning set forth in Section 7.17.

1.27"**Backup Antibody**" has the meaning set forth in Section 3.1.2(b).

1.28"**Backup Antibody Costs**" means the costs incurred by AbbVie in creating and evaluating Backup Antibodies pursuant to the CD71 Research Plan.

1.29"**Bankruptcy Code**" has the meaning set forth in Section 13.6.1.

1.30"**Bayh Dole Act**" means the Patent and Trademark Law Amendments Act of 1980, as amended, codified at 35 U.S.C. §§ 200-212, as amended, as well as any regulations promulgated pursuant thereto, including in 37 C.F.R. Part 401.

1.31"**Biosimilar Application**" has the meaning set forth in Section 8.3.3.

1.32 "**Biosimilar Competition**" has the meaning set forth in Section 7.6.4(a).

1.33"**Biosimilar Product**" means, on a country-by-country basis, a biologic product (a) whose licensing, approval, or marketing authorization relies in whole or in part on a prior approval, licensing or marketing authorization granted any Licensed Product, (b) whose licensing, approval, or marketing authorization relies in whole or in part on any data generated in support of a prior approval, licensing, or marketing authorization granted any Licensed Product; or (c) is determined by the FDA or other Regulatory Authority outside of the United States to be interchangeable with a Licensed Product, as set forth at 42 USC 262(k)(4) or other analogous Applicable Law outside of the United States. A Licensed Product licensed, marketed, sold,

manufactured, or produced by AbbVie, its Affiliates or Sublicensees will not constitute a Biosimilar Product.

1.34"**BLA**" has the meaning set forth in the definition of "Drug Approval Application."

1.35"**Blocking Third Party Payload IP**" means [***].

1.36"**Blocking Third Party Platform IP**" means [***].

1.37"**Board of Directors**" has the meaning set forth in the definition of "Change in Control."

1.38"**Breaching Party**" has the meaning set forth in Section 13.2.1.

1.39"**Business Day**" means a day other than a Saturday or Sunday on which banking institutions in New York, New York are open for business.

1.40"**Calendar Quarter**" means each successive period of three (3) calendar months commencing on January 1, April 1, July 1 and October 1, except that the first Calendar Quarter of the Term shall commence on the Effective Date and end on the day immediately prior to the first to occur of January 1, April 1, July 1 or October 1 after the Effective Date, and the last Calendar Quarter shall end on the last day of the Term.

1.41"**Calendar Year** " means each successive period of twelve (12) calendar months commencing on January 1 and ending on December 31, except that the first Calendar Year of the Term shall commence on the Effective Date and end on December 31 of the year in which the Effective Date occurs and the last Calendar Year of the Term shall commence on January 1 of the year in which the Term ends and end on the last day of the Term.

1.42"**Cap**" has the meaning set forth in Section 3.7.1(a).

1.43"**CD71**" means (a) the transferrin receptor also known as Cluster of Differentiation 71 (or CD71) having the sequence set forth on Schedule 1.43, (b) any naturally occurring mutant or allelic variant of a molecule disclosed in clause (a), including transcriptional and posttranscriptional 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); in each case which have a biological function substantially identical to that of the biological molecule disclosed in clause (a).

1.44 "**CD71 Discovery Activities**" mean the research, discovery and other activities to be performed by Licensor and AbbVie with respect to First CD71 PDCs and First Licensed Products as set forth in the CD71 Research Plan.

1.45 "**CD71 Dose-Escalation Success Criteria**" means the success criteria with respect to a First Licensed Product set forth on Schedule 1.45, as may be amended by the JDC from time to time as set forth in Section 2.2.2(v).

1.46"**CD71 Dose-Escalation Success Criteria Deadline**" means, on a First CD71 PDC-by-First CD71 PDC basis, [***].

1.47 "**CD71 GLP Tox Success Criteria**" means the criteria with respect to a First CD71 PDC for initiation of a GLP Tox Study set forth on Schedule 1.47, as may be amended by the JRC from time to time as set forth in Section 2.1.2(b).

1.48"**CD71 GLP Tox Success Criteria Deadline**" means [***] from the Effective Date.

1.49 "**CD71 IND Success Criteria**" means the success criteria with respect to a First CD71 PDC set forth on Schedule 1.49, as may be amended by the JRC from time to time as set forth in Section 2.1.2(c)

1.50"**CD71 IND Success Criteria Deadline**" means, on a First CD71 PDC-by-First CD71 PDC basis, [***].

1.51 "**CD71 IND Success Criteria Milestone**" has the meaning set forth in Section 7.2.2.

1.52 "**CD71 Initial Development Plan and Budget**" means the plan, including the budget therefor setting forth the Development activities to be conducted in connection with the Dose-Escalation Studies and Cohort Expansion Studies for the First CD71 PDC designated by AbbVie developed and approved as set forth in Section 3.2.1.

1.53"**CD71 Initial Development Plan and Budget Parameters**" has the meaning set forth in Schedule 1.53.

1.54 "**CD71 PDC**" means a PDC that, when activated, specifically binds to CD71.

1.55"**CD71 PDC Failure**" means [***].

1.56 "**CD71 Phase II Development Plan**" has the meaning set forth in Section 3.4.1.

1.57 "**CD71 Probody**" means a Probody that, when activated, specifically binds to CD71.

1.58 "**CD71 Probody Patent**" means [***].

1.59 "**CD71 Research Plan**" means the research plan attached as Schedule 1.59 covering activities to be performed by the Parties for the First CD71 PDC through IND.

1.60 "**Centralized Approval Procedure**" means the procedure through which a MAA filed with the EMA results in a single marketing authorization valid throughout the European Union.

1.61 "**Cessation Period**" has the meaning set forth in Section 3.1.3(c).

1.62 "**Change in Control**," with respect to a Party, shall be deemed to have occurred if any of the following occurs after the Effective Date:

1.62.1any "person" or "group" (as such terms are defined below) (a) is or becomes the "beneficial owner" (as defined below), directly or indirectly, of shares of capital stock or other interests (including partnership interests) of such Party then outstanding and

normally entitled (without regard to the occurrence of any contingency) to vote in the election of the directors, managers or similar supervisory positions ("**Voting Stock**") of such Party representing fifty percent (50%) or more of the total voting power of all outstanding classes of Voting Stock of such Party or (b) has the power, directly or indirectly, to elect a majority of the members of the Party's board of directors, or similar governing body ("**Board of Directors**"); or

1.62.2such Party enters into a merger, consolidation or similar transaction with another Person (whether or not such Party is the surviving entity) and as a result of such merger, consolidation or similar transaction (a) the members of the Board of Directors of such Party immediately prior to such transaction constitute less than a majority of the members of the Board of Directors of such Party or such surviving Person immediately following such transaction or (b) the Persons that beneficially owned, directly or indirectly, the shares of Voting Stock of such Party immediately prior to such transaction cease to beneficially own, directly or indirectly, shares of Voting Stock of such Party representing at least a majority of the total voting power of all outstanding classes of Voting Stock of the surviving Person in substantially the same proportions as their ownership of Voting Stock of such Party immediately prior to such transaction; or

1.62.3such Party sells or transfers to any Third Party, in one (1) or more related transactions, properties or assets representing all or substantially all of such Party's assets to which this Agreement relates; or

1.62.4the holders of capital stock of such Party approve a plan or proposal for the liquidation or dissolution of such Party.

For the purpose of this definition of Change in Control, (a) "person" and "group" have the meanings given such terms under Section 13(d) and 14(d) of the United States Securities Exchange Act of 1934 and the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the said Act; (b) a "beneficial owner" shall be determined in accordance with Rule 13d-3 under the aforesaid Act; and (c) the terms "beneficially owned" and "beneficially own" shall have meanings correlative to that of "beneficial owner."

1.63"**Clinical Data**" means all Information with respect to any CD71 PDC or Licensed Product and made, collected, or otherwise generated under or in connection with Clinical Studies or Phase IV Studies, including any data (including raw data), reports, and results with respect thereto.

1.64"**Clinical Studies**" means Phase 0, Phase I, Phase II, Phase III, and such other tests and studies in human subjects that are required by Applicable Law, or otherwise recommended by the Regulatory Authorities, to obtain or maintain Regulatory Approvals for a Licensed Product for one (1) or more Indications, including tests or studies that are intended to expand the Product Labeling for such Licensed Product with respect to such Indication.

1.65"**Co-Development Activities**" means (a) with respect to a First Licensed Product, all Development activities in the Territory (i) following completion of the CD71 Phase II Development Plan and (ii) prior to completion of the CD71 Phase II Development Plan if performed in support of the First Clinical Development Plan, and (b) with respect to a

Subsequent Licensed Product, all Development activities in the Territory (i) following completion of the first Phase II for such Subsequent Licensed Product and (ii) prior to completion of the first Phase II for such Subsequent Licensed Product if performed in support of the Subsequent Clinical Development Plan.

1.66"**Co-Development Opt-Out Notice**" has the meaning set forth in Section3.6.5.

1.67"**Co-Development Opt-Out Period**" means, subject to Sections 3.6.5(b) and 3.6.5(c), if applicable, (a) with respect to the First Licensed Product, the [***] period commencing upon delivery by AbbVie to Licensor of the First Clinical Development Plan, (b) with respect to each Subsequent Licensed Products, the [***] period commencing upon delivery by AbbVie to Licensor of the Subsequent Clinical Development Plan for such Subsequent Licensed Product, in each case, where Licensor has the right to exercise the Co-Development Opt-Out Right.

1.68"**Co-Development Opt-Out Right**" has the meaning set forth is Section3.6.5.

1.69"**Co-Development Product**" has the meaning set forth in Section 3.7.1(a).

1.70"**Cohort Expansion Study**" means a Phase I study of a CD71 PDC or Licensed Product the principal purpose of which is to assess safety and efficacy for patients treated with the maximally tolerated dose or the recommended dose for a Phase II study, conducted in accordance with the CD71 Initial Development Plan and Budget.

1.71"**Combination Product**" means a Licensed Product containing [***]. By way of example, and not meant to limit the foregoing definition, a Combination Product includes:

1.71.1 a Licensed Product that contains [***]; and

1.71.2a Licensed Product that is [***].

1.72"**Commercialization**" means any and all activities directed to the preparation for sale of, offering for sale of, or sale of a CD71 PDC or Licensed Product, including activities related to marketing, promoting, distributing, importing and exporting such CD71 PDC or Licensed Product, and, for purposes of setting forth the rights and obligations of the Parties under this Agreement, shall be deemed to include conducting Medical Affairs Activities and conducting Phase IV Studies, and interacting with Regulatory Authorities regarding any of the foregoing. When used as a verb, "**to Commercialize**" and "**Commercializing**" means to engage in Commercialization, and "**Commercialized**" has a corresponding meaning.

1.73"**Commercialization Plan**" has the meaning set forth in Section 4.9.

1.74"**Commercially Reasonable Efforts**" means [***].

1.75 "**Competing Product**" means any product that [***].

1.76"**Competitor**" means any Person that [***].

1.77"**Conduct**" means, with respect to any Clinical Study, to (a) sponsor, support or perform, directly or indirectly through a Third Party, such Clinical Study; or (b) provide to a Third Party funding for, or clinical supplies (including placebos) for use in, such Clinical Study.

1.78"**Confidential Information**" means any Information or data provided orally, visually, in writing or other form by or on behalf of one (1) Party (or an Affiliate or representative of such Party) to the other Party (or to an Affiliate or representative of such Party) in connection with this Agreement, whether prior to (including under the Prior CDA), on, or after the Effective Date, including Information relating to the terms of this Agreement, any CD71 Probody, CD71 PDC or any Licensed Product (including the Regulatory Documentation), any Exploitation of any CD71 PDC or any Licensed Product, any know-how with respect thereto developed by or on behalf of the disclosing Party or its Affiliates (including AbbVie Background Know-How, AbbVie Program Know-How, Licensor Background Know-How and Licensor Program Know-How, as applicable), or the scientific, regulatory or business affairs or other activities of either Party. Notwithstanding the foregoing, (a) Joint Program Know-How shall be deemed to be the Confidential Information of both Parties, and both Parties shall be deemed to be the receiving Party and the disclosing Party with respect thereto, (b) all Regulatory Documentation owned by AbbVie pursuant to Section 3.10.1 and all Confidential Information related to AbbVie Program Know-How shall be deemed to be the Confidential Information of AbbVie, and AbbVie shall be deemed to be the disclosing Party and Licensor shall be deemed to be the receiving Party with respect thereto, and (c) all Confidential Information related to Licensor Program Know-How shall be deemed to be the Confidential Information of Licensor, and Licensor shall be deemed to be the disclosing Party and AbbVie shall be deemed to be the receiving Party with respect thereto.

1.79"**Control**" means, with respect to any item of Information, Regulatory Documentation, material, Patent, or other property right, the possession of the right, whether directly or indirectly, and whether by ownership, license, covenant not to sue or otherwise (other than by operation of the license and other grants in Sections 5.1 or 5.2), to grant a license, sublicense or other right (including the right to reference Regulatory Documentation) to or under such Information, Regulatory Documentation, material, Patent, or other property right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party

1.80"**Co-Promotion Agreement**" has the meaning set forth in Section 4.8.3

1.81"**Co-Promotion Exercise Notice**" has the meaning set forth in Section 4.8.2.

1.82"**Co-Promotion Option**" has the meaning set forth in Section 4.8.1.

1.83"**Co-Promotion Option Period**" means, with respect to each Co-Development Product, the [***] period commencing upon delivery by AbbVie to Licensor of notice of the anticipated filing date with the FDA of a BLA for such Co-Development Product pursuant to Section 4.8.2.

1.84"**Co-Promotion Period**" means that period commencing on the effective date of the Co-Promotion Agreement and ending on the first date on which Licensor's co-promotion rights with respect to the Co-Promotion Products terminate pursuant to this Agreement or the Co-Promotion Agreement.

1.85"**Co-Promotion Product**" has the meaning set forth in Section 4.8.2.

1.86"**Co-Promotion Territory**" means the [***].

1.87"**Corporate Names**" means the Trademarks and logos identified on Schedule 1.87 and such other names and logos as Licensor may designate in writing from time to time.

1.88 "**Default Notice**" has the meaning set forth in Section 13.2.1.

1.89"**Delivery System**" has the meaning set forth in the definition of "Net Sales."

1.90"**Derived**" means in whole or in part obtained, developed, created, designed, derived or resulting from, based upon, containing, incorporating or otherwise generated from.

1.91"**Detail**" means, with respect to a Co-Promotion Product in the United States, an interactive, face-to-face contact between a sales representative and a physician or other medical professional licensed to prescribe drugs, during which a primary position detail (as defined in the Co-Promotion Agreement) or secondary position detail (as defined in the Co-Promotion Agreement) is made to such person, in each case in accordance with the Co-Promotion Agreement; *provided* that such meeting is consistent with and in accordance with the requirements of Applicable Law and this Agreement. E-details, activities conducted at conventions or similar gatherings and activities performed by market development specialists, managed care account directors and other personnel not performing face-to-face sales calls or not specifically trained with respect to a pharmaceutical product will not constitute Details. When used as a verb, "**Detail**" means to engage in a Detail.

1.92"**Development**" means all activities related to [***]. When used as a verb, "**Develop**" means to engage in Development. Development shall exclude [***]. For purposes of clarity, Development shall include [***].

1.93"**Development Costs**" means the [***]

(a) [***];

(b) [***];

(c) [***];

(d) [***];

(e) [***];

(f) [***];

(g) [***];

(h) [***]; and

(i) [***].

1.94[***]

1.95"**Dispute**" has the meaning set forth in Section 14.7.

1.96"**Distribution Costs**" means, [***]

(a) [***];

(b) [***]; and

(c) [***].

The Parties may, if appropriate, agree that Distribution Costs be determined on the basis of a specified annual charge or as a percentage of Net Sales.

1.97"**Distributor**" has the meaning set forth in Section 5.4.

1.98"**Divestiture**" means [***]. When used as a verb, "**Divest**" and "**Divested**" means to cause a Divestiture.

1.99"**Dollars**" or "**$**" means United States Dollars.

1.100"**Dose-Escalation Study**" means a Phase I study of a CD71 PDC or Licensed Product the principal purpose of which is to assess dose-limiting toxicities and to determine the maximally tolerated dose or the recommended dose for patients in a Phase II study, conducted in accordance with the CD71 Initial Development Plan and Budget.

1.101"**Drug Approval Application**" means a Biologics License Application (a "**BLA**") as defined in the FFDCA, or any corresponding foreign application in the Territory, including, with respect to the European Union, a Marketing Authorization Application (a "**MAA**") filed with the EMA pursuant to the Centralized Approval Procedure or with the applicable Regulatory Authority of a country in Europe with respect to the mutual recognition or any other national approval procedure.

1.102"**Effective Date**" means the effective date of this Agreement as set forth in the preamble hereto.

1.103"**EMA**" means the European Medicines Agency and any successor agency(ies) or authority having substantially the same function.

1.104"**End of Phase II Meeting**" means a meeting with a Regulatory Authority in which AbbVie's plan to commence a Phase III that would be the subject of a Drug Approval Application for a First Licensed Product are reviewed.

1.105"**E.U. Major Market Country**" means each of the following: [***].

1.106"**European Union**" or "**E.U.**" means the economic, scientific, and political organization of member states known as the European Union, as its membership may be altered from time to time, and any successor thereto.

1.107"**Existing Patents**" has the meaning set forth in Section 11.2.2.

1.108"**Existing Regulatory Documentation**" means the Regulatory Documentation Controlled by Licensor or any of its Affiliates as of the Effective Date.

1.109"**Exploit**" or "**Exploitation**" means to make, have made, import, export, use, have used, sell, have sold, or offer for sale, including to Develop, Commercialize, register, modify, enhance, improve, Manufacture, have Manufactured, hold, or keep (whether for disposal or otherwise), or otherwise dispose of. Notwithstanding the foregoing, "Exploit" or "Exploitation" with respect to a CD71 PDC or Licensed Product does not include [***].

1.110"**Ex-U.S. Territory**" means the Territory excluding the United States.

1.111"**FDA**" means the United States Food and Drug Administration and any successor agency(ies) or authority having substantially the same function.

1.112"**FFDCA**" means the United States Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 *et seq.*, as amended from time to time, together with any rules, regulations and requirements promulgated thereunder (including all additions, supplements, extensions, and modifications thereto).

1.113"**Field**" means [***].

1.114"**First Commercial Sale**" means, with respect to a Licensed Product and a country, the first sale for monetary value for use or consumption by the end user of such Licensed Product in such country after Regulatory Approval for such Licensed Product has been obtained in such country. [***].

1.115"**First CD71 PDC**" means the Lead First CD71 PDC, unless and until the JRC approves an Alternate First CD71 PDC, at which point the "First CD71 PDC" shall, at such point forward for all purposes of this Agreement, mean only the Alternate First CD71 PDC.

1.116 "**First Clinical Development Plan**" has the meaning set forth in Section 3.6.1.

1.117"**First Licensed Product**" means any Licensed Product containing the First CD71 PDC.

1.118"**FTE**" means the equivalent of the work of one (1) employee full time for one (1) Calendar Year (consisting of at least a total of [***] per Calendar Year) of work directly performing the Development, Commercialization or Manufacturing of a CD71 PDC or Licensed Product. Any person who devotes less than [***] per Calendar Year (or such other number as may be agreed by the applicable Joint Committee) shall be treated as an FTE on a pro rata basis based upon the actual number of hours worked divided by [***].

1.119"**FTE Costs**" means, with respect to a Party for any period, the applicable FTE Rate multiplied by the applicable number of FTEs (proportionately, on a per-FTE basis) of such Party in directly performing Development, Commercialization or Manufacturing activities during such period to the extent assigned to such Party under and in accordance with the applicable Plan, and not reimbursed by a Third Party.

1.120"**FTE Rate**" means the applicable FTE rate set forth on Schedule 1.120. The FTE Rates applicable to activities undertaken by either Party are subject to adjustments

effective on January 1 of each Calendar Year, based on the applicable employment cost index published by the United States Department of Labor, Bureau of Labor Statistics for the third quarter of the preceding Calendar Year, or as otherwise agreed to by the Parties.

1.121"**Future Licensor In-License Agreement**" means any agreement between Licensor and a Third Party under which AbbVie is granted a sublicense or other right under this Agreement as provided in Section 5.9.

1.122"**GLP Tox Study**" means a toxicology study that is conducted in compliance with the then-current good laboratory practice standards promulgated or endorsed by the FDA, as defined in U.S. 21 C.F.R. Part 58 (as they may be updated from time to time) and is required to meet the requirements for filing an IND in the United States.

1.123"**Good Manufacturing Practice**" or "**GMP**" means the current good manufacturing practices applicable from time to time to the Manufacturing of a CD71 PDC or Licensed Product or any intermediate thereof pursuant to Applicable Law.

1.124[***]

1.125"**IMS**" has the meaning set forth in Section 7.6.4(a).

1.126"**IND**" means an application filed with a Regulatory Authority for authorization to commence Clinical Studies, including (a) an Investigational New Drug Application as defined in the FFDCA or any successor application or procedure filed with the FDA, (b) any equivalent of a United States IND in other countries or regulatory jurisdictions, (i.e., Clinical Trial Application (CTA)) and (c) all supplements, amendments, variations, extensions and renewals thereof that may be filed with respect to the foregoing.

1.127"**Indemnification Claim Notice**" has the meaning set forth in Section 12.4.

1.128"**Indemnified Party**" has the meaning set forth in Section 12.4.

1.129"**Indication**" means each separate and distinct disease, disorder, illness, health condition, or interruption, cessation or disruption of a bodily function, system, tissue type or organ, for which Regulatory Approval is required.

1.130"**Indirect Taxes**" has the meaning set forth in Section 7.13.

1.131"**Information**" means all knowledge of a technical, scientific, business and other nature, including know-how, technology, means, methods, processes, practices, formulae, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, apparatuses, specifications, data, results and other material, and other biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, pre-clinical, clinical, safety, manufacturing and quality control data and information, including study designs and protocols, reagents (e.g., plasmids, proteins, cell lines, assays and compounds) and biological methodology; in each case (whether or not confidential, proprietary, patented or patentable, of commercial advantage or not) in written, electronic or any other form now known or hereafter developed.

1.132"**Initiation**" or "**Initiate**" means, with respect to a Clinical Study, the first dosing of the first human subject in such Clinical Study.

1.133"**In-Licensed Patents**" has the meaning set forth in Section 11.2.4.

1.134"**Intellectual Property**" has the meaning set forth in Section 13.6.1.

1.135"**Joint Commercialization Committee**" or "**JCC**" has the meaning set forth in Section 2.3.1.

1.136"**Joint Committees**" has the meaning set forth in Section 2.3.1.

1.137"**Joint Development Committee**" or "**JDC**" has the meaning set forth in Section 2.2.1.

1.138"**Joint Intellectual Property Rights**" means the Joint Program Know-How and Joint Program Patents.

1.139"**Joint Program Know-How**" means all Program Know-How other than AbbVie Program Know-How and Licensor Program Know-How.

1.140"**Joint Program Patents**" means all Program Patents other than AbbVie Program Patents and Licensor Program Patents.

1.141"**Joint Research Committee**" or "**JRC**" has the meaning set forth in Section 2.1.1.

1.142"**Knowledge**" means [***].

1.143"**Lead First CD71 PDC**" means a [***].

1.144"**Licensed Product**" means any product comprising or containing a CD71 PDC [***] in any and all forms, presentations, delivery systems, dosages, strengths, and formulations.

1.145"**Licensor**" has the meaning set forth in the preamble hereto.

1.146"**Licensor Background Know-How**" means all Information that is Controlled by Licensor or any of its Affiliates on the Effective Date or during the Term, that is (a) (i) not generally known, (ii) developed or invented as a result of performing activities outside the scope of the Plans, and (iii) reasonably necessary or useful for [***]; provided that, Licensor Background Know-How shall not include any Tools.

1.147"**Licensor Background Patents**" means all Patents, including those Patents identified on Schedule 11.2.2, that are Controlled by Licensor or any of its Affiliates on the Effective Date or during the Term, and that are: (a) (i) developed or invented as a result of performing activities outside the scope of the Plans, and (ii) reasonably necessary or useful for [***].

1.148"**Licensor Indemnitees**" has the meaning set forth in Section 12.1.

1.149"**Licensor In-License Agreement**" means the Exclusive License Agreement by and between the Regents of the University of California (acting through its Santa

Barbara campus) and Licensor, effective August 19, 2010, as amended (the "UCSB Agreement"), and any Future Licensor In-License Agreements.

1.150"**Licensor Platform**" means Licensor's proprietary Probody technology platform, including [***].

1.151"**Licensor Program Know-How**" means [***].

1.152"**Licensor Program Patents**" means [***].

1.153"**Licensor Prosecuted Infringement**" has the meaning set forth in Section 8.3.1(c).

1.154"**Licensor Third Party Payments**" means the upfront payments, milestone payments, royalties, and other amounts paid by Licensor to a Third Party under a Licensor In-License Agreement.

1.155"**Linker**" means a compound or other substance used to link a Payload to an Antibody or Probody.

1.156"**Losses**" has the meaning set forth in Section 12.1.

1.157"**MAA**" has the meaning set forth in the definition of Drug Approval Application.

1.158"**Major Market**" means each of the [***].

1.159"**Major Regulatory Filings**" has the meaning set forth in Section 3.10.1(e).

1.160"**Manufacture**" and "**Manufacturing**" means all activities related to the synthesis, making, production, processing, purifying, formulating, filling, finishing, packaging, labeling, shipping, and holding of the CD71 PDC, any Licensed Product, or any intermediate thereof, including process development, process qualification and validation, scale-up, pre-clinical, clinical and commercial production and analytic development, product characterization, stability testing, quality assurance, and quality control.

1.161"**Manufacturing Cost**" with respect to the CD71 PDC or a Licensed Product has the meaning set forth on Schedule 1.161.

1.162"**Manufacturing Process**" has the meaning set forth in Section 4.7.2.

1.163"**Manufacturing Technology Transfer**" has the meaning set forth in Section 4.7.2.

1.164"**Markings**" has the meaning set forth in Section 4.6.

1.165"**Mask**" means a [***].

1.166"**Medical Affairs Activities**" means, with respect to any country or other jurisdiction in the Territory, the coordination of medical information requests and field based medical scientific liaisons with respect to CD71 PDCs or Licensed Products, including activities of medical scientific liaisons and the provision of medical information services with respect to a CD71 PDC or Licensed Product.

1.167"**Medical Affairs Costs**" means [***].

1.168[***] has the meaning set forth in the definition of " [***]."

1.169"**Mono Product**" has the meaning set forth in the definition of "Net Sales."

1.170" [***]" means a Payload that specifically binds to, stabilizes, destabilizes or inhibits the [***].

1.171"**Net Profits**" and, with correlative meaning, "**Net Losses,**" means, [***].

1.172"**Net Sales**" means, with respect to a Licensed Product for any period [***]:

(a) [***];

(b) [***];

(c) [***];

(d) [***];

(e) [***];

(f) [***];

(g) [***];

(h) [***];

(i) [***]; and

(j) [***].

[***]

(i) [***].

(ii) [***].

(iii) [***].

(iv) [***].

1.173 "**Neutral**" has the meaning set forth in Schedule 14.7.3.

1.174"**Non-Breaching Party**" has the meaning set forth in Section 13.2.1.

1.175"**Other Active Ingredient**" means any component that provides pharmacological activity or other direct therapeutic effect in the Field or that therapeutically affects the structure or any function of the body whereby such component [***].

1.176"**Out-of-Pocket Costs**" means [***].

1.177"**Owned Patents**" has the meaning set forth in Section 11.2.4.

1.178"**Party**" and "**Parties**" has the meaning set forth in the preamble hereto.

1.179"**Party Development Activities**" means Development activities conducted in support of obtaining or maintaining Regulatory Approval of a Licensed Product in a country or other jurisdiction in the Territory pursuant to an applicable Plan.

1.180" [***] **Costs**" means [***].

1.181"**Patents**" means (a) all national, regional and international 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 either of these, including divisionals, continuations, continuations-in-part, provisionals, converted provisionals, continued prosecution applications, (c) any and all patents that have issued or in the future issue from the foregoing patent applications ((a) and (b)), and (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((a), (b), and (c)).

1.182"**Payload**" means a [***].

1.183"**Payload IP**" means the Payload Know-How and Payload Patents.

1.184"**Payload Know-How**" means [***].

1.185"**Payload Patents**" means [***].

1.186 "**PDC**" or "**Probody Drug Conjugate**" means a Probody conjugated to a Payload using a Linker.

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

1.188"**Phase 0**" means an exploratory, first-in-human trial conducted in accordance with the FDA 2006 Guidance on Exploratory Investigational New Drug Studies (or the equivalent in any country or other jurisdiction outside of the United States) and designed to expedite the development of therapeutic or imaging agents by establishing very early on whether the agent behaves in human subjects as was anticipated from pre-clinical studies.

1.189"**Phase I**" means a human clinical trial of a CD71 PDC or Licensed Product, the principal purpose of which is a preliminary determination of safety, tolerability, pharmacological activity or pharmacokinetics in healthy individuals or patients, and which may include expansion to estimate activity in a specific patient cohort, or similar clinical study prescribed by the Regulatory Authorities, including the trials referred to in 21 C.F.R. §312.21(a), as amended.

1.190"**Phase II**" means a human clinical trial of a Licensed Product conducted in any country in the Territory (whether a standalone trial or a stage of a "Phase 1/2" clinical trial described in the protocol as the "Phase 2 portion", or a stage of a "Phase 2/3" clinical trial described in the protocol as the "Phase 2 portion") the principal purpose of which is (a) to

evaluate the clinical efficacy, safety, pharmacodynamics or biological activity of such Product in the target patient population as its primary endpoint, or (b) determine anti-cancer activity in the applicable tumor type as its primary endpoint (as described in the protocol), in each case of clause (a) or (b), and is prospectively designed to generate sufficient data that may permit commencement of Phase III, or (c) that would otherwise satisfy the requirements of 21 C.F.R. § 312.21(b), or its foreign equivalent.

1.191 "**Phase III**" means a human clinical trial of a Licensed Product conducted in any country in the Territory (whether a standalone trial or a stage of a "Phase 2/3" clinical trial described in the protocol as the "Phase 3 portion"): (a) with a defined dose or a set of defined doses of such Licensed Product designed to establish statistically significant efficacy and safety of such Licensed Product for the purpose of enabling the preparation and submission of a BLA to the competent Regulatory Authorities in a country of the Territory, or (b) where the results of such clinical trial are intended (if successful) to be used to establish both safety and efficacy of such Licensed Product in patients which are the subject of such trial and serve as the basis for initial or supplemental Regulatory Approval of such Licensed Product, or (c) that would otherwise satisfy requirements of 21 CFR 312.21(c), or its foreign equivalent.

1.192 "**Phase IV Costs**" means those FTE Costs (charged in accordance with Section 7.9.3) incurred and the direct Out-of-Pocket Costs recorded as an expense in accordance with Accounting Standards by or on behalf of AbbVie or any of its Affiliates after the Effective Date, during the Term of and pursuant to this Agreement, that are specifically identifiable or reasonably allocable to Phase IV Studies, wherever conducted, of a Co-Development Product in support of Commercialization of such Co-Development Product in the United States. Subject to the foregoing, Phase IV Costs shall include (a) costs in connection with the preparation for, or conduct of, Phase IV Studies, data collection and analysis and report writing, and clinical laboratory work, (b) related Regulatory Expenses, and (c) related Manufacturing Costs, in each case (a)-(c), only to the extent not reimbursed by a Third Party.

1.193 "**Phase IV Study**" means a post-marketing human clinical study: (a) for a Licensed Product with respect to any Indication as to which Regulatory Approval has been received or that is the subject of an investigator-initiated study program.

1.194 "**PHSA**" means the United States Public Health Service Act, as amended from time to time.

1.195"**Plans**" mean the CD71 Research Plan, CD71 Initial Development Plan and Budget, CD71 Phase II Development Plan, First Clinical Development Plan, Subsequent Clinical Development Plan, and Commercialization Plan.

1.196"**PMDA**" means Japan's Pharmaceuticals and Medical Devices Agency and any successor agency(ies) or authority having substantially the same function.

1.197 "**Preclinical POC Success Criteria**" means the success criteria with respect to a First CD71 PDC set forth on Schedule 1.197, as may be amended by the JRC from time to time as set forth in Section 2.1.2(b).

1.198 "**Preclinical POC Success Criteria Deadline**" means [***].

1.199 "**Prior CDA**" has the meaning set forth in Section 14.9.

1.200"**Probody**" means an Antibody that is linked to a Substrate and a Mask that is claimed by the Licensor Background Patents or the Program Patents or derives from, uses or is made using the Licensor Background Know-How or Program Know-How; where such Antibody is not conjugated to a Payload using a Linker.

1.201"**Product Information**" has the meaning set forth in Section 10.1.

1.202"**Product Infringement**" has the meaning set forth in Section 8.3.1.

1.203"**Product Labeling**" means, with respect to a Licensed Product in a country or other jurisdiction in the Territory, (a) the Regulatory Authority-approved full prescribing information for such Licensed Product for such country or other jurisdiction, including any required patient information, and (b) all labels and other written, printed, or graphic matter upon a container, wrapper, or any package insert utilized with or for such Licensed Product in such country or other jurisdiction.

1.204"**Product Trademarks**" means the Trademark(s) to be used by AbbVie or its Affiliates or its or their respective Sublicensees for the Development or Commercialization of Licensed Products in the Territory and any registrations thereof or any pending applications relating thereto in the Territory (excluding, in any event, any trademarks, service marks, names or logos that include any corporate name or logo of the Parties or their Affiliates).

1.205"**Profit Share Opt-Out Notice**" has the meaning set forth in Section 4.10.

1.206"**Profit Share Opt-Out Period**" means with respect to either a First Licensed Product or a Subsequent Licensed Product, the Co-Promotion Option Period for such First Licensed Product or Subsequent Licensed Product, in each case, where Licensor has the right to exercise the Profit Share Opt-Out Right.

1.207"**Profit Share Opt-Out Right**" has the meaning set forth in Section 4.10.

1.208 "**Program Know-How**" means, except as otherwise provided in Licensor Background Know-How, all Information and inventions that are conceived, discovered, developed or otherwise made by or on behalf of either Party or its Affiliates or sublicensees in connection with the work conducted under or in connection with this Agreement.

1.209"**Program Patents**" mean, except as otherwise provided in Licensor Background Patents, all Patents that are conceived, discovered, developed or otherwise made by or on behalf of either Party or its Affiliates or sublicensees in connection with the work conducted under or in connection with this Agreement.

1.210"**Promotional Materials**" means, with respect to a Co-Promotion Product, sales, promotion, market access and advertising materials, including Co-Promotion Product packaging, help-seeking and disease-awareness advertisements, pertaining to such Co-Promotion Product

1.211"Proposed Future In-Licensed Rights" has the meaning set forth in Section 5.9.

1.212 "**Pro Rata Percentage**" means (a) with respect to Licensor, thirty-five percent (35%) and (b) with respect to AbbVie, sixty-five percent (65%).

1.213 [***]

1.214"**Reduced Royalty Rates**" has the meaning set forth in Section 7.6.2.

1.215 "**Regulatory Approval**" means, with respect to a country or other jurisdiction in the Territory, any and all approvals (including Drug Approval Applications), licenses, registrations, or authorizations of any Regulatory Authority necessary to Commercialize a CD71 PDC or Licensed Product in such country or other jurisdiction, including, where applicable, (a) pricing or reimbursement approval in such country or other jurisdiction, (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto), and (c) approval of Product Labeling.

1.216"**Regulatory Authority**" means any applicable supra-national, federal, national, regional, state, provincial, or local governmental or regulatory authority, agency, department, bureau, commission, council, or other entities (e.g., the FDA, EMA and PMDA) regulating or otherwise exercising authority with respect to activities contemplated in this Agreement, including the Exploitation of the CD71 PDC or Licensed Products in the Territory.

1.217 "**Regulatory Documentation**" means all (a) applications (including all INDs and Drug Approval Applications), registrations, licenses, authorizations, and approvals (including Regulatory Approvals), (b) correspondence and reports submitted to or received from Regulatory Authorities (including minutes and official contact reports relating to any communications with any Regulatory Authority) and all supporting documents with respect thereto, including all regulatory drug lists, advertising and promotion documents, adverse event files, and complaint files, and (c) Clinical Data and data contained or relied upon in any of the foregoing, in each case ((a), (b) and (c)) relating to a CD71 PDC or Licensed Product.

1.218"**Regulatory Exclusivity**" means, with respect to any country or other jurisdiction in the Territory, an additional market protection, other than Patent protection, granted by a Regulatory Authority in such country or other jurisdiction which confers an exclusive Commercialization period during which AbbVie or its Affiliates or Sublicensees have an exclusive right to market and sell a CD71 PDC or Licensed Product in such country or other jurisdiction through a regulatory exclusivity right (e.g., new chemical entity exclusivity, new use or Indication exclusivity, new formulation exclusivity, orphan drug exclusivity, pediatric exclusivity, or any applicable data exclusivity).

1.219"**Regulatory Expenses**" means [***].

1.220"**Restricted CD71 Antibody**" means [***].

1.221"**Reverse Royalty Term**" means, with respect to each Licensed Product and each country or other jurisdiction in the Terminated Territory, the period beginning [***]. Solely for purposes of this Section 1.221, reference in the definitions of "Regulatory Exclusivity" to (i) AbbVie shall be deemed to be a reference to Licensor, and (ii) a Sublicensee shall be deemed to be a reference to a licensee or sublicensee of Licensor or its Affiliates.

1.222"**Royalty Term**" means, with respect to each Licensed Product and each country or other jurisdiction in the Territory, the period beginning on the date of the First Commercial Sale of such Licensed Product in such country or other jurisdiction, and ending on the later to occur of (a) the expiration, invalidation or abandonment date of the last: (i) Licensor Background Patent, (ii) Licensor Program Patent, or (iii) AbbVie Program Patent that claims the molecular structure of a CD71 PDC; any of which (i), (ii) or (iii) includes a Valid Claim that covers the manufacture, use or sale of such Licensed Product in such country or other jurisdiction, (b) the expiration of Regulatory Exclusivity in such country or other jurisdiction for such Licensed Product or (c) the tenth (10th) anniversary of the First Commercial Sale of such Licensed Product in such country or other jurisdiction.

1.223"**Sales and Marketing Costs**" means [***]

(a) [***];

(b) [***];

(c) [***];

(d) [***];

(e) [***];

(f) [***];

(g) [***];

(h) [***];

(i) [***];

(j) [***];

(k) [***];

(l) [***];

(m) [***]; and

(n) [***].

[***].

1.224 "**Segregate**" means [***].

1.225"**Senior Officer**" means, with respect to Licensor, its President and Chief Executive Officer or his/her designee, and with respect to AbbVie, (a) for Development and Manufacturing, its Chief Scientific Officer or his/her designee and (b) for Commercialization matters, its Executive Vice President – Commercial Operations or his/her designee.

1.226[***]

1.227[***]

1.228[***]

1.229[***]

1.230[***]

1.231"**Sublicensee**" means a Third Party, other than a Distributor, that has been granted by AbbVie a right to sell, market, distribute and/or promote a Licensed Product under the grants in Section 5.1; and "Sublicense" shall mean an agreement or arrangement granting such rights. As used in this Agreement, "Sublicensee" shall not include a wholesaler or reseller of the Product who does not market or promote the Product.

1.232"**Subsequent CD71 Information**" means the following information related to Subsequent CD71 Discovery Activities prior to filing an IND for the applicable Subsequent Licensed Product: in vitro pharmacology, in vivo efficacy, non-GLP toxicology, and summaries of GLP toxicology results.

1.233"**Subsequent CD71 PDC**" has the meaning set forth in Section 3.5.

1.234 "**Subsequent CD71 Discovery Activities**" mean the research, discovery and other activities to be performed by AbbVie with respect to a Subsequent CD71 PDC and Subsequent Licensed Product prior to the filing of an IND with respect thereto.

1.235 "**Subsequent Clinical Development Plan**" has the meaning set forth in Section 3.6.2.

1.236"**Subsequent Licensed Product**" means any Licensed Product that contains a Subsequent CD71 PDC.

1.237"**Substrate**" means [***].

1.238"**Successful End of Phase II Meeting**" means an End of Phase II Meeting in which the Regulatory Authority does not make clear at that time, as reflected in the minutes of the meeting, that the First Licensed Product would likely not be approvable unless additional studies are undertaken before commencing a pivotal trial, or that such trial would be inadequate.

1.239 "**Term**" has the meaning set forth in Section 13.1.1.

1.240"**Terminated Product**" means each CD71 PDC or Licensed Product designated as such pursuant to Section 3.3.

1.241"**Terminated Territory**" means each Major Market with respect to which this Agreement is terminated by Licensor pursuant to Section 13.2.2, each country with respect to which this Agreement is terminated by AbbVie pursuant to Section 13.3.2, or, if this Agreement is terminated in its entirety, the entire Territory.

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

1.243"**Third Party**" means any Person other than Licensor, AbbVie and their respective Affiliates.

1.244"**Third Party Claims**" has the meaning set forth in Section 12.1.

1.245[***]

1.246"**Third Party Provider**" has the meaning set forth in Section 3.7.43.8.

1.247"**Tools**" means any Patents, Program Know-How, Program Patents, or Information or other intellectual property right covering methods, processes, materials and tools to the extent generally applicable to the discovery of Masks or Substrates, or assays of the activity relating to such discovery, including the cleavage of Substrates, thereof. As of the Effective Date, the Patents among the Tools consist of the Patents listed in Schedule 1.247.

1.248"**Trademark**" means any word, name, symbol, color, designation or device or any combination thereof that functions as a source identifier, including any trademark, trade dress, brand mark, service mark, trade name, brand name, logo, business symbol or domain names, whether or not registered.

1.249"**Trademark Costs**" means [***].

1.250"**Transition Agreement**" has the meaning set forth in Section 13.9.2.

1.251"**United States**" or "**U.S.**" means the United States of America and its territories and possessions (including the District of Columbia and Puerto Rico).

1.252"**U.S. IND Approval**" means an IND for a Licensed Product in the U.S. that has not been rejected (including placed on clinical hold) by the FDA within thirty (30) days after submission thereof.

1.253"**Valid Claim**" means a claim of any issued and unexpired Patent whose validity, enforceability, or patentability has not been affected by any of the following: (a) irretrievable lapse, abandonment, revocation, dedication to the public, or disclaimer; or (b) a holding, finding, or decision of invalidity, unenforceability, or non-patentability by a court, governmental agency, national or regional patent office, or other appropriate body that has competent jurisdiction, such holding, finding, or decision being final and unappealable or unappealed within the time allowed for appeal.

1.254" [***]" means the combination of the [***].

1.255"**Voting Stock**" has the meaning set forth in the definition of "Change in Control."

1.256"**Withholding Party**" has the meaning set forth in Section 7.12.

1.257"**Working Group**" has the meaning set forth in Section 2.7.

ARTICLE 2
COLLABORATION MANAGEMENT

2.1 Joint Research Committee.

2.1.1Formation. As soon as practical, but no later than [***], after the Effective Date, the Parties shall establish a joint research committee (the "**Joint Research Committee**" or "**JRC**"). The JRC shall consist of [***] representatives from [***], each with the requisite experience and seniority to enable such person to make decisions on behalf of the Parties with respect to the issues falling within the jurisdiction of the JRC. From time to time, each Party may substitute one (1) or more of its representatives to the JRC on written notice to

the other Party. The JRC shall be chaired on an annual rotating basis by a JRC representative of either AbbVie or Licensor, as applicable, with [***] providing the first such chairperson.

2.1.2Specific Responsibilities. The JRC shall manage, coordinate and oversee the performance of CD71 Discovery Activities by the Parties under the CD71 Research Plan, and serve as a forum to facilitate communications between the Parties regarding the CD71 Research Plan, CD71 Discovery Activities and the Subsequent CD71 Information. In particular, the JRC shall:

(a) periodically (no less often than quarterly) review and serve as a forum for discussing the CD71 Research Plan, and review and approve amendments thereto;

(b) consider, review and approve any amendments to the Preclinical POC Success Criteria and the CD71 GLP Tox Success Criteria, as applicable;

(c) consider, review and approve any amendments to the CD71 IND Success Criteria;

(d) oversee the conduct of the CD71 Discovery Activities under the CD71 Research Plan;

(e) evaluate any proposals for the use of a CD71 PDC containing a Backup Antibody in lieu of any CD71 PDC currently under Development (which would include a CD71 PDC containing any Antibody Controlled by Licensor).

(f) select the particular candidate from the pool of First CD71 PDCs that have been determined to satisfy the CD71 GLP Tox Success Criteria that will be evaluated in a GLP Tox Study;

(g) determine whether any CD71 PDCs achieve the GLP Tox Success Criteria;

(h) determine whether any CD71 PDCs achieve the CD71 IND Success Criteria;

(i) determine whether to approve an Alternate First CD71 PDC and any associated amendments to the timelines in the CD71 Research Plan and extensions to the Preclinical POC Success Criteria Deadline, CD71 GLP Tox Success Criteria Deadline and CD71 IND Success Criteria Deadline as set forth in Section 3.1.6;

(j) serve as a forum for discussion of results obtained from the conduct of the CD71 Discovery Activities and for discussion of any Subsequent CD71 Information;

(k) establish secure access methods (such as secure databases) or other processes for each Party to access CD71 Discovery Activity-related Information and Subsequent CD71 Information as contemplated under this Agreement; and

(l) perform such other functions as are set forth herein or as the Parties may mutually agree in writing, except where in conflict with any provision of this Agreement.

2.1.3 Disbandment. Upon completion of the CD71 Research Plan and achievement of the CD71 IND Success Criteria, the JRC shall have no further responsibilities or authority under this Agreement with respect to the First CD71 PDCs and shall be considered dissolved with respect thereto. Upon the filing of an IND for a given Subsequent CD71 PDC, the JRC shall have no further responsibilities or authority under this Agreement with respect to such Subsequent CD71 PDCs and shall be considered dissolved with respect thereto. Additionally, in the event of an Acquisition by Licensor or Change in Control of Licensor, in each case involving a Competitor, AbbVie shall have the right at any time and for any reason, effective upon written notice, to disband the JRC pursuant to Section 14.2.2.

2.2Joint Development Committee.

2.2.1Formation. No later than (a) with respect to a First Licensed Product, [***] before filing [***], and (b) with respect to a Co-Development Product that is a Subsequent Licensed Product, [***] after the expiration of the [***], the Parties shall (unless already established and not disbanded) establish a joint development committee (the "**Joint Development Committee**" or "**JDC**"). The JDC shall consist of [***] from [***], each with the requisite experience and seniority to enable such person to make decisions on behalf of the Parties with respect to the issues falling within the jurisdiction of the JDC. From time to time, each Party may substitute one (1) or more of its representatives to the JDC on written notice to the other Party. The JDC shall be chaired on an annual rotating basis by a JDC representative of either AbbVie or Licensor, as applicable, with [***] providing the first such chairperson.

2.2.2Specific Responsibilities. The JDC shall manage, coordinate and oversee the Parties' activities under the CD71 Initial Development Plan and Budget, the CD71 Phase II Development Plan, the First Clinical Development Plan and the Subsequent Clinical Development Plan, as applicable, and serve as a forum to facilitate communications between the Parties regarding such Plans; provided, however, that (a) the JDC shall have no decision-making authority with respect to Subsequent Licensed Products (and associated Subsequent CD71 PDCs) unless and until they become Co-Development Products and all decision making authority with respect to Subsequent Licensed Products (and associated Subsequent CD71 PDCs) shall remain solely with AbbVie until such time and (b) all decision making authority under the JDC for the First Licensed Product (and associated First CD71 PDCs) shall cease immediately upon Licensor's delivery of a Co-Development Opt-Out Notice for the First Licensed Product and all decision making authority with respect to the First Licensed Product (and associated First CD71 PDCs) shall thereafter rest solely with AbbVie. In particular, the JDC shall:

(i) As applicable, develop and approve each of the CD71 Initial Development Plan and Budget, the CD71 Phase II Development Plan, the First Clinical Development Plan and the Subsequent Clinical Development Plan, including the budgets included within such Plans, in accordance with the terms hereof;

(ii) review and approve any amendment to the Approved Country list as provided in Section 1.25;

(iii) periodically (no less often than quarterly) review and serve as a forum for discussing, as applicable, the CD71 Initial Development Plan and Budget and the

CD71 Phase II Development Plan, and review and approve amendments thereto, including any amendments to the budget in the CD71 Initial Development Plan and Budget and the CD71 Phase II Development Plan;

(iv) periodically (no less often than quarterly) review and serve as a forum for discussing, as applicable, the First Clinical Development Plan and the Subsequent Clinical Development Plan, and review and approve amendments thereto, including any amendments to cover new Indications;

(v) consider, review and approve any amendments to the CD71 Dose-Escalation Success Criteria;

(vi) determine whether any Licensed Product satisfies the CD71 Dose-Escalation Success Criteria;

(vii) oversee the conduct of Development activities, as applicable, under the CD71 Initial Development Plan and Budget, the CD71 Phase II Development Plan, the First Clinical Development Plan and the Subsequent Clinical Development Plan;

(viii) serve as a forum for discussion of results obtained from the conduct of the Clinical Studies;

(ix) serve as a forum for discussing strategies for obtaining Regulatory Approvals for the Licensed Products in the Territory;

(x) determine whether the Development activities under the First Clinical Development Plan or a Subsequent Clinical Development Plan support the filing of a Drug Approval Application for the applicable Licensed Product in any country or jurisdiction in the Territory and whether Drug Approval Applications with respect to any Licensed Product shall be made in any country or jurisdiction in the Territory;

(xi) establish secure access methods (such as secure databases) or other processes for each Party to exchange and access Regulatory Documentation and other Development-related Information as contemplated under this Agreement; and

(xii) determine whether a CD71 PDC Failure has occurred; (other than the achievement of the Preclinical POC Success Criteria, which shall be determined exclusively by AbbVie in its sole discretion)

(xiii) perform such other functions as are set forth herein or as the Parties may mutually agree in writing, except where in conflict with any provision of this Agreement.

2.2.3Disbandment. Upon completion of the First Clinical Development Plan or upon Licensor's earlier delivery of a Co-Development Opt-Out Notice for a First Licensed Product, the JDC shall have no further responsibilities or authority under this Agreement with respect to such First Licensed Product and shall be considered dissolved with respect thereto. Upon completion of a Subsequent Clinical Development Plan for a given Subsequent Licensed Product, the JDC shall have no further responsibilities or authority under this Agreement with respect to such Subsequent Licensed Product and shall be considered

dissolved with respect thereto. Additionally, in the event of an Acquisition by Licensor or Change in Control of Licensor, in each case, involving a Competitor, AbbVie shall have the right at any time and for any reason, effective upon written notice, to disband the JDC pursuant to Section 14.2.2. Once dissolved, the JDC shall have no further rights or obligations under this Agreement, and thereafter any requirement of either Party to provide Information to the JDC shall be deemed a requirement to provide such Information to the other Party and AbbVie shall have the right to solely decide, without consultation with Licensor, all matters that are subject to the review or approval by the JDC.

2.3Joint Commercialization Committee.

2.3.1Formation. Promptly following [***] pursuant to Section 4.8, the Parties shall establish a joint commercialization committee (the "**Joint Commercialization Committee**" or "**JCC**", and collectively with the JRC and the JDC, "**Joint Committees**"). The JCC shall consist of [***] representatives from [***], each with the requisite experience and seniority to enable such person to make decisions on behalf of the Parties with respect to the issues falling within the jurisdiction of the JCC. From time to time, each Party may substitute one (1) or more of its representatives to the JCC on written notice to the other Party. [***] shall select from its representatives the chairperson for the JCC. From time to time, AbbVie may change the representative who will serve as chairperson on written notice to Licensor.

2.3.2Specific Responsibilities. The JCC shall develop the strategies for and oversee the Commercialization of the Co-Promotion Products in the Co-Promotion Territory, and shall serve as a forum to facilitate communications between the Parties regarding such Co-Promotion Products. In particular, the JCC shall:

(a) establish a strategy for the Commercialization of the Co-Promotion Products in the Co-Promotion Territory;

(b) review and approve each Commercialization Plan and the Commercialization FTE Rate to apply for such Commercialization Plan;

(c) periodically (no less often than annually) review and serve as a forum for discussing each Commercialization Plan and review and approve amendments thereto;

(d) oversee at a high level all Commercialization activities in the Co-Promotion Territory with respect to the Co-Promotion Products;

(e) review and approve the manner in which the Markings are to be presented on and messages contained in promotional materials, packaging, and Product Labeling for the Co-Promotion Products in the Co-Promotion Territory; and

(f) perform such other functions as are set forth herein or as the Parties may mutually agree in writing, except where in conflict with any provision of this Agreement.

2.4General Provisions Applicable to Joint Committees.

2.4.1Meetings and Minutes. Each Joint Committee shall meet quarterly, or in each case as otherwise agreed to by the Parties, with the location of such

meetings alternating between locations designated by Licensor and locations designated by AbbVie. The chairperson of the applicable Joint Committee shall be responsible for calling meetings on no less than [***] notice. Each Party shall make all proposals for agenda items and shall provide all appropriate information with respect to such proposed items at least [***] in advance of the applicable meeting; *provided,* that under exigent circumstances requiring input by the Joint Committee, a Party may provide its agenda items to the other Party within a shorter period of time in advance of the meeting, or may propose that there not be a specific agenda for a particular meeting, so long as the other Party consents to such later addition of such agenda items or the absence of a specific agenda for such meeting. The chairperson of the Joint Committee shall prepare and circulate for review and approval of the Parties minutes of each meeting within [***] after the meeting. The Parties shall agree on the minutes of each meeting promptly, but in no event later than the next meeting of the Joint Committee. If the Parties cannot agree on the content of the minutes, the objecting Party shall append a notice of objection with the specific details of the objection to the proposed minutes.

2.4.2Procedural Rules. Each Joint Committee shall have the right to adopt such standing rules as shall be necessary for its work, to the extent that such rules are not inconsistent with this Agreement. A quorum of the Joint Committee shall exist whenever there is present at a meeting at least one (1) representative appointed by each Party. Representatives of the Parties on a Joint Committee may attend a meeting either in person or by telephone, video conference or similar means in which each participant can hear what is said by, and be heard by, the other participants. Representation by proxy shall be allowed. Each Joint Committee shall take action by [***] of the representatives present at a meeting at which a quorum exists, with each Party having a [***], or by a written resolution signed by at least one (1) representative appointed by each Party. Employees or consultants of either Party that are not representatives of the Parties on a Joint Committee may attend meetings of such Joint Committee; *provided*, that such attendees (i) shall not vote or otherwise participate in the decision-making process of the Joint Committee, and (ii) are bound by obligations of confidentiality and non-disclosure equivalent to those set forth in ARTICLE 10.

2.4.3Waiver of Criteria. If a Joint Committee is responsible for determining whether a Licensed Product satisfies any of the CD71 IND Success Criteria, or the CD71 Dose-Escalation Success Criteria, such Joint Committee shall be entitled to [***].

2.4.4Joint Committee Dispute Resolution. If a Joint Committee cannot, or does not, reach consensus on an issue at a meeting or within a period of [***] thereafter or such other period as the Parties may agree, then the dispute shall first be referred to the Senior Officers of the Parties, who shall confer in good faith on the resolution of the issue. Any final decision mutually agreed to by the Senior Officers shall be conclusive and binding on the Parties. If the Senior Officers are not able to agree on the resolution of any such issue within [***] after such issue was first referred to them, then:

(a) if such dispute relates to any proposed amendment to the Preclinical POC Success Criteria, the CD71 GLP Tox Success Criteria, the CD71 IND Success Criteria or the CD71 Dose-Escalation Success Criteria, then [***];

(b) if such dispute relates to the first approval of the use of a First CD71 PDC and First CD71 Probody incorporating a Backup Antibody that occurs prior to Initiation of a Cohort Expansion Study for a First CD71 PDC, such dispute shall be finally and definitively resolved by [***];

(c) if such dispute relates to (i) the first approval of the use of a First CD71 PDC and First CD71 Probody incorporating a Backup Antibody that occurs after the Initiation of a Cohort Expansion Study for a First CD71 PDC or (ii) any approval of the use of a First CD71 PDC and First CD71 Probody incorporating a Backup Antibody following the first such approval (regardless of whether the first such approval occurs prior to or after the Initiation of a Cohort Expansion Study for a First CD71 PDC), then such use shall not be approved without [***];

(d) if such dispute relates to extensions of the CD71 GLP Tox Success Criteria Deadline, CD71 IND Success Criteria Deadline, or CD71 Dose-Escalation Success Criteria Deadline after approval of use of a Backup Antibody, such dispute shall be finally and definitively resolved by [***], provided that an extension of the CD71 GLP Tox Success Criteria Deadline will not be shorter than the length of time from the Effective Date until the Backup Antibody is delivered to Licensor;

(e) if such dispute relates to the selection of the particular candidate from the pool of First CD71 PDCs that have been determined to satisfy the CD71 GLP Tox Success Criteria that will be evaluated in a GLP Tox Study, such dispute shall be finally and definitively resolved by [***];

(f) if such dispute relates to whether to approve an Alternate First CD71 PDC, together with the appropriate amendments to the CD71 Initial Development and Budget Parameters, Plans and timelines, the Alternate First CD71 PDC [***];

(g) if such dispute relates to any proposed amendment to the CD71 Research Plan, such dispute shall be finally and definitively resolved by [***]; provided, that [***];

(h) if such dispute relates to the approval of the CD71 Initial Development Plan and Budget or any amendment thereto, such dispute shall be finally and definitively resolved by [***]; *provided*, that [***];

(i) if such dispute relates to the approval of the CD71 Phase II Development Plan or any amendment thereto, such dispute shall be finally and definitively resolved by [***]; *provided*, that [***];

(j) if such dispute relates to whether a CD71 PDC Failure has occurred, such dispute shall be finally and definitively resolved by [***];

(k) if such dispute relates to whether any CD71 PDC or Licensed Product satisfies the CD71 GLP Tox Success Criteria, the CD71 IND Success Criteria, or the CD71 Dose-Escalation Success Criteria, such dispute shall be resolved [***];

(l) if such dispute relates to whether the Development activities under a First Clinical Development Plan or Subsequent Clinical Development Plan

support filing of a Drug Approval Application for the applicable Licensed Product in any country or jurisdiction in the Territory or whether a Drug Approval Application with respect to any Licensed Product will be made in any country or jurisdiction in the Territory, such dispute shall be finally and definitively resolved by [***];

(m) if such dispute relates to the approval of the First Clinical Development Plan or Subsequent Clinical Development Plan or any amendments thereto, such dispute shall be finally and definitively resolved by [***];

(n) if such dispute relates to the selection of an Indication or Indications to pursue in the conduct of CD71 Discovery Activities, Clinical Studies or otherwise in the course of other Party Development Activities (including whether to pursue an additional Indication or to cease pursuing a given Indication), such dispute shall be finally and definitively resolved by [***];

(o) if such dispute relates to whether a new country shall be designated as an Approved Country, [***];

(p) if such dispute relates to a Subsequent CD71 PDC or Subsequent Licensed Product and is a matter under the purview of the JRC not otherwise addressed in this Section 2.4.4, such dispute shall be finally and definitively resolved by [***];

(q) if such dispute relates to any matter under the purview of the JCC not otherwise addressed in this Section 2.4.4; such dispute shall be finally and definitively resolved by [***]; and

(r) if such dispute relates to any matter under the CD71 Research Plan or CD71 Initial Development Plan and Budget, where such Plan expressly provides that both Parties shall mutually agree to an activity or selection, then such activity or selection shall not be made unless mutually agreed.

Except as otherwise expressly set forth in this Agreement, disputes arising between the Parties in connection with or relating to this Agreement or any document or instrument delivered in connection herewith, and that are outside of the jurisdiction of the Joint Committees, shall be resolved pursuant to Section 14.7.1. In the event any action or activity described in Section 2.4.3 requires the written consent of a Party, and such Party elects not to consent to such action, then such activity or action shall not be taken and shall not be subject to any further dispute resolution unless mutually agreed to in writing by the Parties.

2.4.5Limitations on Authority. Each Party shall retain the rights, powers, and discretion granted to it under this Agreement and no such rights, powers, or discretion shall be delegated to or vested in a Joint Committee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing. No Joint Committee shall have the power to amend, modify, or waive compliance with this Agreement, which may only be amended or modified as provided in Section 14.9 or compliance with which may only be waived as provided in Section 14.11.

2.4.6Alliance Manager. Each Party shall appoint an individual to be the point of contact within each Party (the "**Alliance Manager**") with responsibility for

facilitating communication between the Parties for all matters between meetings of each Joint Committee, including communication between the Parties regarding the CD71 Discovery Activities and Party Development Activities. The Alliance Manager of each Party may be a member of a Joint Committee. If the Alliance Manager of each Party is not a Joint Committee member, then the Alliance Manager may attend Joint Committee meetings as a non-voting participant. The Alliance Manager shall facilitate resolution of potential and pending issues and potential disputes to enable the Joint Committees to try to reach consensus and avert escalation of such issues or potential disputes, if possible.

2.5Discontinuation of Participation on a Committee. Subject to Sections 2.1.3, 2.2.3 and 14.2.2, each Joint Committee shall continue to exist until the first to occur of: (a) the Parties mutually agreeing to disband the Joint Committee; or (b) Licensor providing to AbbVie written notice of its intention to disband and no longer participate in such Joint Committee; *provided*, that Licensor shall not give such written notice prior to the completion of all activities under the CD71 Research Plan and CD71 Initial Development Plan and Budget. Notwithstanding anything herein to the contrary, once Licensor has provided such written notice, such Joint Committee shall be terminated and shall have no further rights or obligations under this Agreement, and thereafter any requirement of Licensor to provide Information or other materials to such Joint Committee shall be deemed a requirement to provide such Information or other materials to AbbVie and AbbVie shall have the right to solely decide, without consultation with Licensor, all matters that are subject to the review or approval by such Joint Committee hereunder.

2.6Interactions Between a Committee and Internal Teams. The Parties recognize that each Party possesses an internal structure (including various committees, teams and review boards) that will be involved in administering such Party's activities under this Agreement. Nothing contained in this Article shall prevent a Party from making routine day-to-day decisions relating to the conduct of those activities for which it has a performance or other obligations hereunder, in each case in a manner consistent with the then-current applicable plan and the terms and conditions of this Agreement.

2.7Working Groups. From time to time, a Joint Committee may establish and delegate duties to sub-committees or directed teams (each, a "**Working Group**") on an "as-needed" basis to oversee particular projects or activities (for example, joint project team, joint finance group, and/or joint intellectual property group). Each such Working Group shall be constituted and shall operate as the Joint Committee determines; provided that each Working Group shall have equal representation from each Party, unless otherwise mutually agreed. Working Groups may be established on an ad hoc basis for purposes of a specific project or on such other basis as the Joint Committee may determine. Each Working Group and its activities shall be subject to the oversight, review and approval of, and shall report to, the Joint Committee that formed said Working Group. In no event shall the authority of the Working Group exceed that specified for the Joint Committee that formed the Working Group to this Article. All decisions of a Working Group shall be by consensus. Any disagreement between the designees of AbbVie and Licensor on a Working Group shall be referred to the Joint Committee that formed the Working Group for resolution.

2.8 Expenses. Each Party shall be responsible for all travel and related costs and expenses for its members and other representatives to attend meetings of, and otherwise participate on, a Committee or other Working Group.

ARTICLE 3
DEVELOPMENT AND REGULATORY

3.1CD71 Research Plan.

3.1.1Goals of the CD71 Research Plan. The Parties shall conduct the CD71 Discovery Activities with the goal of (a) identifying and delivering at least one (1) First CD71 PDC which satisfies the CD71 IND Success Criteria and (b) supporting the filing of a Drug Approval Application and the obtaining of Regulatory Approvals for the First Licensed Product in the Field in the Territory.

3.1.2CD71 Research Plan. The CD71 Research Plan in effect as of the Effective Date is attached hereto as Schedule 1.59. Either Party, directly or through its representatives on the JRC, may propose amendments to the CD71 Research Plan from time to time as appropriate. The CD71 Research Plan sets forth the services and the obligations and responsibilities assigned to each Party, including:

(a) Licensor will provide CD71 Probody material to AbbVie in the amount specified in the CD71 Research Plan and that shall otherwise meet the purity and other metrics set forth therein;

(b) AbbVie will create and evaluate [***] Antibodies Controlled by AbbVie for potential use in CD71 Probodies (such Antibodies, the "**Backup Antibodies**") in lieu of the Antibody initially used by Licensor in its CD71 Probody, provide the sequence of such Backup Antibodies to Licensor and, following Licensor's receipt of such Backup Antibodies, Licensor will create CD71 Probody material meeting the purity and other metrics set forth in the CD71 Research Plan for such Backup Antibodies. Licensor will deliver to AbbVie CD71 Probody material containing such Backup Antibodies within [***] after receipt of such Backup Antibodies, in each case as set forth in the CD71 Research Plan;

(c) Following AbbVie's receipt of the CD71 Probody materials meeting the purity and other metrics set forth in the CD71 Research Plan (including CD71 Probodies containing the Backup Antibodies as provided in Section 3.1.2(b)), AbbVie will conjugate the CD71 Probodies to Linkers and Payloads to generate Lead First CD71 PDCs, and will provide Lead First CD71 PDC material to Licensor in the amount specified in the CD71 Research Plan;

(d) Following Licensor's receipt of the Lead First CD71 PDC material, Licensor will perform the Preclinical POC Study as set forth in the CD71 Research Plan; and

(e) Licensor will perform in vivo modeling and IND-enabling studies with respect to the Lead First CD71 PDC as set forth in the CD71 Research Plan and in parallel for CD71 PDCs containing the Backup Antibodies, shall perform all such studies and

activities set forth in the CD71 Research Plan up to but not including GLP Tox Studies or GMP scale-up, whichever comes first, for such CD71 PDCs containing such Backup Antibodies (unless such a Backup Antibody replaces the lead Antibody, in which case Licensor will perform all such studies required for the First CD71 PDC as set forth in the CD71 Research Plan); provided, however, that [***].

3.1.3CD71 Discovery Activities.

(a) Each Party shall perform the CD71 Discovery Activities assigned to such Party in the CD71 Research Plan, and shall do so in accordance with the CD71 Research Plan, as amended from time to time in accordance with the terms hereof, by allocating sufficient time, effort, equipment, and skilled personnel to complete such CD71 Discovery Activities successfully and promptly.

(b) At any time, either Party may propose that CD71 Probodies and CD71 PDCs incorporating a Backup Antibody be used for Development under the applicable Plan in lieu of the CD71 Probodies and CD71 PDCs containing the Antibody previously used for Development under the applicable Plan. The Parties, through the JRC, will evaluate such proposal. If use of the CD71 Probody and CD71 PDC incorporating the Backup Antibody is approved by the JRC, the Parties, through the JRC, will negotiate in good faith appropriate extensions to the CD71 GLP Tox Success Criteria Deadline, CD71 IND Success Criteria Deadline and the CD71 Dose-Escalation Success Criteria Deadline.

(c) Licensor shall use Commercially Reasonable Efforts to achieve the Preclinical POC Success Criteria by the Preclinical POC Success Criteria Deadline. AbbVie shall, in its sole discretion, determine whether a CD71 PDC satisfies the Preclinical POC Success Criteria. If AbbVie determines in its discretion that the CD71 PDC does not satisfy the Preclinical POC Success Criteria on or prior to the Preclinical POC Success Criteria Deadline (or Licensor otherwise fails to provide the data for AbbVie to make such determination by the Preclinical POC Success Criteria Deadline), then unless AbbVie waives the achievement of the Preclinical POC Success Criteria in its sole discretion in a written notice delivered to Licensor, Licensor shall cease all further CD71 Discovery Activities. If the Preclinical POC Success Criteria is not achieved by the Preclinical POC Success Criteria Deadline or otherwise waived by AbbVie in writing, then the Parties through the JRC shall discuss for a period of [***] after the Preclinical POC Success Criteria Deadline (as such period may be extended or shortened by mutual agreement of the Parties, the "**Cessation Period**") potential alternatives with proceeding with further CD71 Discovery Activities, including (i) amending the Plans or this Agreement to conduct additional studies or other Development work to achieve the Preclinical POC Success Criteria, (ii) the selection of an Alternate First CD71 PDC, or (iii) such other amendments or course of action as may be mutually agreed to by the Parties. During the Cessation Period, neither Party shall have any further obligation to use Commercially Reasonable Efforts to conduct any CD71 Development Activities unless and until the Parties mutually agree to make such amendments to any Plans or this Agreement, pursue an Alternate First CD71 PDC, or otherwise elect to take additional CD71 Discovery Activities; provided, however, that during the Cessation Period, Licensor may, with the express prior written consent of AbbVie of the specific Development to be undertaken, continue research and preclinical Development of Masks and Substrates for a CD71 Probody. If the Parties do not mutually agree to take any such action

upon conclusion of the Cessation Period, then AbbVie may notify Licensor in writing that it is not electing to conduct (or have conducted) any CD71 Discovery Activities, and AbbVie may terminate this Agreement in accordance with Section 13.3.1. [***]

(d) Licensor shall use Commercially Reasonable Efforts to achieve the CD71 GLP Tox Success Criteria by the CD71 GLP Tox Success Criteria Deadline. If either (i) a First CD71 PDC is determined to have satisfied the CD71 GLP Tox Success Criteria, or (ii) AbbVie, in its sole and absolute discretion, elects by written notice to Licensor to continue Development of a CD71 PDC that does not satisfy the CD71 GLP Tox Success Criteria, then Licensor shall commence a GLP Tox Study in accordance with the CD71 Initial Development Plan and Budget for the particular First CD71 PDC candidate selected by AbbVie. Except as set forth in the immediately preceding sentence, Licensor shall not commence a GLP Tox Study for any First CD71 PDC.

(e) Licensor shall use Commercially Reasonable Efforts to achieve the CD71 IND Success Criteria by the CD71 IND Success Criteria Deadline. If either (i) a First CD71 PDC is determined to have satisfied the CD71 IND Success Criteria, or (ii) AbbVie, in its sole and absolute discretion, elects by written notice to Licensor to continue Development of a CD71 PDC that does not satisfy the CD71 IND Success Criteria, then Licensor shall file an IND with the FDA in accordance with the CD71 Initial Development Plan and Budget for such First CD71 PDC. Except as set forth in the immediately preceding sentence, Licensor shall not file an IND for any First CD71 PDC.

(f) For all CD71 Discovery Activities prior to the initiation of GLP Tox Studies for a First CD71 PDC, (i) Licensor shall have the sole right and responsibility for, at its expense, Manufacturing or having Manufactured and supplying to AbbVie all First CD71 Probodies for use under the CD71 Research Plan and (ii) AbbVie shall have the sole right and responsibility for, at its expense, converting such First CD71 Probodies into First CD71 PDCs containing a [***] and supplying all such First CD71 PDCs containing a [***] to Licensor for use under the CD71 Research Plan. For GLP Tox Studies and all CD71 Discovery Activities thereafter, Licensor shall have the sole right and responsibility for, at its expense, Manufacturing or having Manufactured (in each case, using GMP) and supplying all First CD71 PDCs for use under the CD71 Research Plan.

3.1.4CD71 Research Plan Diligence. Each Party shall use Commercially Reasonable Efforts in undertaking the CD71 Discovery Activities assigned to such Party in the CD71 Research Plan. Without limiting the generality of the foregoing, each Party shall use Commercially Reasonable Efforts to achieve the goals stated in Section 3.1.1 by the CD71 IND Success Criteria Deadline. Each Party promptly shall share with the other Party, through the processes established by the JRC, all Information generated and results achieved in conducting or as a result of conducting CD71 Discovery Activities, and the JRC shall use such Information and results to determine whether any CD71 PDC satisfies the CD71 GLP Tox Success Criteria, or the CD71 IND Success Criteria, provided that the Information provided by Licensor shall not include the Tools.

3.1.5Initial Discovery Costs.

(a) Except as set forth in subparagraphs (b) and (c) below, Licensor shall be solely responsible for and shall bear all costs incurred by the Parties or their Affiliates in connection with their performance of the activities set forth in the CD71 Research Plan (including any payments required [***]). Should Licensor request that AbbVie perform any activities in the CD71 Research Plan that are assigned to Licensor and AbbVie agree to perform such Activities, then within [***] after the end of each Calendar Quarter, AbbVie shall report to Licensor its CD71 Research Plan costs for such activities (including AbbVie internal costs at the Development FTE Rate, AbbVie's external costs and such other items allowable under Development Costs (except with the definition of Development Costs applying to activities under the CD71 Research Plan) incurred during such Calendar Quarter. Such report shall specify in reasonable detail all amounts included in such CD71 Research Plan costs during such Calendar Quarter). Within [***] after Licensor's receipt of each such report, Licensor shall reimburse AbbVie for the undisputed Development Costs incurred under the CD71 Research Plan reflected in such report.

(b) As set forth in the CD71 Research Plan, AbbVie will be responsible for (i) Backup Antibody Costs and (ii) the cost it incurs for non-GMP Manufacturing activities related to converting CD71 Probodies into CD71 PDCs that will be used for Discovery Activities under the CD71 Research Plan prior to initiation of GLP Tox Studies.

(c) In the event the JRC elects to use a Backup Antibody for use in a CD71 Probody in lieu of Licensor's proprietary Antibody at any time after Licensor has completed GMP Manufacturing for a First CD71 PDC containing Licensor's proprietary Antibody, then AbbVie shall pay [***] of the Out-Of-Pocket Costs to be incurred by Licensor in conducting Development for GMP Manufacturing, the GLP Tox Study and Clinical Studies for a First CD71 PDC containing such Backup Antibody as provided for in the CD71 Research Plan and CD71 Initial Development Plan and Budget, but in each such case only to the extent Licensor had previously incurred such Out-Of-Pocket Costs for such activities for a First CD71 PDC containing Licensor's proprietary Antibody.

3.1.6Alternate First CD71 PDC. If the Lead First CD71 PDC has not met the Preclinical POC Success Criteria, the CD71 GLP Tox Success Criteria or the CD71 IND Success Criteria and AbbVie (in its sole discretion) has not elected to proceed with the Lead First CD71 PDC, then the Parties, through the JRC, will evaluate whether to approve an Alternate First CD71 PDC. If the JRC determines that an Alternate First CD71 PDC should be approved, the Parties, through the JRC, will negotiate in good faith amendments to the timelines and, if necessary, the content in the CD71 Research Plan and CD71 Initial Development Plan and Budget Parameters, and extensions to the CD71 GLP Tox Success Criteria Deadline and CD71 IND Success Criteria Deadline; provided, that for any extensions of the CD71 GLP Tox Success Criteria Deadline an extension will not be shorter than the length of time from the Effective Date until the Alternate First CD71 is approved. Upon the mutual agreement of the Parties on such amendments, the Alternative First CD71 PDC shall be deemed approved and shall thereafter be the First CD71 PDC for all purposes of this Agreement. Following such approval, this Section 3.1 shall be performed with respect to such Alternate First CD71 PDC regardless of whether such performance was already completed for the Lead First CD71 PDC. If the Parties do not reach agreement on whether an Alternate First CD71 PDC will be approved or on such

amendments then Licensor shall not continue performing any CD71 Discovery Activities or Development of a First CD71 PDC.

3.2CD71 Initial Development Plan and Budget.

3.2.1CD71 Initial Development Plan and Budget. If either (a) a First CD71 PDC is determined to have satisfied the CD71 IND Success Criteria, as such criteria may have been waived or amended by the JRC in accordance with this Agreement, or (b) AbbVie, in its sole and absolute discretion, elects (by delivering notice of such election to Licensor) to continue Development of a CD71 PDC that does not satisfy the CD71 IND Success Criteria, then the JDC, in accordance with Section 2.2.2, shall develop and approve the CD71 Initial Development Plan and Budget. The CD71 Initial Development Plan and Budget will include, at a minimum, the CD71 Initial Development Plan and Budget Parameters. Each Party shall have the right to propose amendments to the CD71 Development Plan and Budget through its representatives on the JDC.

3.2.2CD71 Initial Development Plan and Budget Activities.

(a) Licensor shall perform the Development activities assigned to it in the CD71 Initial Development Plan and Budget, and shall do so in accordance with such CD71 Initial Development Plan and Budget by allocating sufficient time, effort, equipment, and skilled personnel to complete such Development activities successfully and promptly. Without limiting the generality of the foregoing, unless otherwise agreed by AbbVie in writing, Licensor shall be required to incur the costs and expenses budgeted in the CD71 Initial Development Plan and Budget in performing activities under the CD71 Initial Development Plan and Budget; *provided*, that if prior to the time that Licensor has incurred such costs and expenses both (a) all of the Development activities set forth in the CD71 Initial Development Plan and Budget have been completed in accordance with the terms thereof, and (b) a CD71 PDC Developed under the CD71 Initial Development Plan and Budget is determined to have satisfied the CD71 Dose-Escalation Success Criteria, then Licensor shall not be required to incur any additional costs and expenses notwithstanding the budget.

(b) If either (i) a First CD71 PDC is determined to have satisfied the CD71 Dose-Escalation Success Criteria, or (ii) AbbVie, in its sole and absolute discretion, elects (by delivering notice of such election to Licensor) to continue Development of a First CD71 PDC that does not satisfy the CD71 Dose-Escalation Success Criteria, then Licensor shall commence Cohort Expansion Studies in accordance with the CD71 Initial Development Plan and Budget for such First CD71 PDC candidate. Except as set forth in the immediately preceding sentence, Licensor shall not commence a Cohort Expansion Study for any First CD71 PDC.

(c) Licensor shall have the sole right and responsibility for, at its expense, Manufacturing or having Manufactured (in each case, using GMP) and supplying all First CD71 PDCs for use under the CD71 Initial Development Plan and Budget.

(d) All Development activities included in the CD71 Initial Development Plan and Budget, including any Clinical Studies, shall be designed and

implemented so as to support the filing of Drug Approval Applications and the obtaining of Regulatory Approvals for the applicable Licensed Product.

3.2.3CD71 Initial Development Plan and Budget Diligence. Licensor shall undertake the Development activities under the CD71 Initial Development Plan and Budget and shall use Commercially Reasonable Efforts to achieve the CD71 Dose-Escalation Success Criteria by the CD71 Dose-Escalation Success Criteria Deadline. Licensor promptly shall share with AbbVie, through the processes established by the JDC, all Information generated and results achieved in conducting or as a result of conducting Development activities under the CD71 Initial Development Plan and Budget, and the JDC shall use such Information and results to determine whether any Licensed Product satisfies the CD71 Dose-Escalation Success Criteria.

3.2.4CD71 Initial Development Plan and Budget Costs. Licensor shall be solely responsible for and shall bear all costs and expenses incurred by Licensor and its Affiliates in connection with the performance of the Development activities set forth in the CD71 Initial Development Plan and Budget (including any payments required [***]). Should Licensor request that AbbVie perform any activities in the CD71 Research Plan that are assigned to Licensor and AbbVie agrees to perform such Activities, then, within [***] after the end of each Calendar Quarter, AbbVie shall report to Licensor its CD71 Initial Development Plan and Budget costs (including AbbVie's internal costs at the FTE Rate, AbbVie's external costs and such other items allowable under Development Costs (except with the definition of Development Costs applying to activities under the CD71 Initial Development Plan and Budget) incurred during such Calendar Quarter). Such report shall specify in reasonable detail all amounts included in such CD71 Initial Development Plan and Budget costs during such Calendar Quarter. Within [***] after Licensor's receipt of each such report, Licensor shall reimburse AbbVie for the CD71 Initial Development Plan and Budget costs reflected in such report.

3.3[***]

3.4CD71 Phase II Development Plan

3.4.1CD71 Phase II Development Plan. If, following completion of the CD71 Initial Development Plan and Budget and AbbVie's receipt of the complete study report for the Cohort Expansion Study, AbbVie, in its sole and absolute discretion, elects (by delivering notice of such election to Licensor) to continue Development of a First Licensed Product Developed under the CD71 Initial Development Plan and Budget, then the JDC, in accordance with Section 2.2.2, shall develop and approve a plan setting forth the Development activities to be conducted in connection with Phase II studies for a First Licensed Product (the "**CD71 Phase II Development Plan**"). Each Party shall have the right to propose amendments to the CD71 Phase II Development Plan through its representatives on the JDC. The CD71 Phase II Development Plan shall be designed with the goal of AbbVie being able to hold a Successful End of Phase II Meeting; provided, however, the Parties acknowledge that a Successful End of Phase II Meeting cannot be guaranteed and that an End of Phase II Meeting may not occur following completion of the CD71 Phase II Development Plan.

3.4.2CD71 Phase II Development Plan Activities. Except with respect to any Development activities that the JDC has assigned to Licensor, AbbVie shall use Commercially Reasonable Efforts to perform the Development activities in the CD71 Phase II

Development Plan, and shall do so in accordance with the CD71 Phase II Development Plan by allocating sufficient time, effort, equipment, and skilled personnel to such activities. To the extent the JDC assigns any Development activities to Licensor, Licensor shall perform the Development activities assigned to it in the CD71 Phase II Development Plan, and shall do so in accordance with such CD71 Phase II Development Plan by allocating sufficient time, effort, equipment, and skilled personnel to complete such Development activities successfully and promptly. AbbVie shall have the sole right, at its expense, to Manufacture (or have Manufactured) and supply the First CD71 PDCs and First Licensed Products for use in the CD71 Phase II Development Plan. Upon request by Licensor, AbbVie shall promptly provide the JDC with summaries in reasonable detail of all Clinical Data generated or obtained in the course of AbbVie's performance of its Development activities under the CD71 Phase II Development Plan.

3.4.3CD71 Phase II Development Plan Costs. AbbVie shall be responsible for and shall bear its costs in performing the CD71 Phase II Development Plan.

3.5Subsequent CD71 PDCs and Subsequent Licensed Products . AbbVie may, in its sole discretion, elect to create additional CD71 PDCs with Payloads other than the Payload contained in the First CD71 PDC ("**Subsequent CD71 PDCs**") and Develop associated Subsequent Licensed Products. AbbVie may conduct such Development activities in its sole discretion; provided that AbbVie will not file an IND for a Subsequent Licensed Product with a Payload that is an [***] until the earlier of (a) completion of Dose-Escalation Studies for a First Licensed Product or (b) [***] from the Effective Date, unless the JRC or JDC, as applicable, otherwise agrees, provided that any failure to agree by the JRC or JDC with respect to such time period shall not be subject to the dispute resolution procedures in Section 2.4.4. AbbVie shall have the sole right to conduct all such Development activities with respect to each Subsequent Licensed Product through completion of the first Phase II trial(s). AbbVie promptly shall share with Licensor, through the processes established by the JRC, as applicable, all Subsequent CD71 Information generated in conducting or as a result of conducting Development activities with respect to any Subsequent Licensed Product. Once the JRC has disbanded, AbbVie shall, for Calendar Years prior to the end of the applicable Co-Development Opt-Out Period, provide to Licensor annual reports within [***] after the end of each Calendar Year containing a summary of clinical data generated during such Calendar Year for the applicable Subsequent Licensed Product. Should AbbVie, in its sole discretion, elect to Develop Subsequent CD71 PDCs, AbbVie will be responsible for all associated Development costs through the first Phase II trial for such Subsequent CD71 PDCs and associated Subsequent Licensed Products.

3.6Co-Development Activities.

3.6.1First Licensed Product Co-Development Activities. Following completion of the Development activities set forth in the CD71 Phase II Development Plan for the First Licensed Product, AbbVie will deliver to Licensor a copy of the final study report for the Phase II trial(s) performed under the CD71 Phase II Development Plan as well as minutes from the End of Phase II Meeting, if applicable, and the JDC will then mutually agree upon a Development plan and budget for Phase III study(s) and/or such other Clinical Studies that may be necessary for obtaining Regulatory Approval for the First Licensed Product in an initial Indication in the Territory (as amended, the "**First Clinical Development Plan**").

3.6.2Subsequent Licensed Product Co-Development Activities. If AbbVie elects, in its sole discretion, to Develop a Subsequent Licensed Product through completion of a Phase II trial, then following completion of the first Phase II trials(s) for such Subsequent Licensed Product, AbbVie will deliver to Licensor a copy of AbbVie's proposed Development plan and budget for Phase III study(s) and/or such other Clinical Studies that may be necessary for obtaining Regulatory Approval for such Subsequent Licensed Product in an initial Indication in the Territory (each, as amended, a "**Subsequent Clinical Development Plan**"). If Licensor has not exercised its Co-Development Opt-Out Right for the applicable Subsequent Licensed Product, the JDC will, promptly after the end of the applicable Co-Development Opt-Out Period, review and agree upon the Subsequent Clinical Development Plan and any amendments thereto. For clarity, if Licensor has exercised its Co-Development Opt-Out Right for the applicable Subsequent Licensed Product, the JDC has no authority over such Subsequent Licensed Product or the applicable Subsequent Clinical Development Plan.

3.6.3Clinical Plan Amendments for Additional Indications. Notwithstanding anything herein to the contrary, AbbVie shall have the sole right, but not the obligation, at its discretion to Develop such Licensed Product to obtain Regulatory Approval for additional Indications or different formulations or dosage strengths of, or other improvements to, such Licensed Product. If such Licensed Product is not a Co-Development Product, then AbbVie shall conduct all such Development activities at its sole cost and expense. If Licensor has not exercised its Co-Development Opt-Out Right and such Licensed Product is a Co-Development Product, then AbbVie shall propose to the JDC (if the JDC has not been disbanded, or to Licensor if the JDC has been disbanded) an amendment to the First Clinical Development Plan or Subsequent Clinical Development Plan, as applicable, to address such additional Development activities, including conducting additional Clinical Studies as are necessary to obtain Regulatory Approval for such additional Indications or different formulations or dosage strengths of, or other improvements to, such Licensed Product, and each Party shall fund such additional Development Costs in accordance with Section 3.7.1(a).

3.6.4Budgets. For the First Clinical Development Plan and any Subsequent Clinical Development Plan, AbbVie will provide to the JDC annually, a [***] rolling budget setting forth a reasonable and good faith estimate of the Development Costs associated with such Plan. Such budget shall be for planning purposes only and shall not be binding.

3.6.5Licensor Co-Development Opt-Out Right.

(a) For each Licensed Product, Licensor shall have the right to elect, in its sole discretion, not to assume any of the Development Costs for such Licensed

Product (the "**Co-Development Opt-Out Right**") by providing AbbVie with written notice of such election (the "**Co-Development Opt-Out Notice**") at any time during the Co-Development Opt-Out Period.

(b) If the FDA recommends in writing (or in minutes approved by the FDA) during the conduct and prior to completion of any Clinical Study that follows the completion of the Cohort Expansion Study(ies), that a BLA should be submitted for such study, and AbbVie notifies Licensor in writing that AbbVie commits to do so, then the Co-Development Opt-Out Period also will include the [***] period commencing upon the receipt of such recommendation and all Development Costs incurred in connection with such ongoing Clinical Study (whether such Development Costs are incurred before or after such decision) will be subject to the cost sharing provisions of Section 3.7.1; provided that such BLA is filed with no further Clinical Studies.

(c) If the FDA decides that, after completion of the Cohort Expansion Study(ies), that such Cohort Expansion Study(ies) support applications for Regulatory Approval without the need for further Clinical Studies, then the Co-Development Opt-Out Period will be the [***] period commencing upon the receipt of such decision.

(d) If Licensor exercises its Co-Development Opt-Out Right in accordance with Section 3.6.5(a) for a given Licensed Product, AbbVie will bear all subsequent costs for the Development activities for such Licensed Product. Licensor will have no obligation to share subsequent costs for the Development activities for such Licensed Product and will have no right to share profits for such Licensed Product.

3.6.6Co-Development Products. For each Co-Development Product, each Party will use Commercially Reasonable Efforts to perform the Development activities for such Co-Development Product assigned to it in the First Clinical Development Plan or any Subsequent Clinical Development Plan, as applicable. If Licensor has not exercised its Co-Development Opt-Out Right for the First Licensed Product, the JDC will consider whether any Phase II or Phase III studies will be conducted to support the filing of a Drug Approval Application for an orphan Indication and, if so, whether Licensor may conduct any part of such Clinical Studies for such orphan Indication. If Licensor has not exercised its Co-Development Opt-Out Right for the First Licensed Product, the JDC will serve as a forum for deciding if, after completion of the Development Activities set forth in the CD71 Phase II Development Plan, other Clinical Studies for such Licensed Product will be performed in addition to Phase III study(s) and, if so, the appropriate Party to perform such Clinical Studies.

3.7Development Costs.

3.7.1Development Costs Relating to Co-Development Activities.

(a) For each Licensed Product, if Licensor does not provide a Co-Development Opt-Out Notice during the Co-Development Opt-Out Period, Licensor and AbbVie will each bear their Pro Rata Percentage of the Development Costs in accordance with the First Clinical Development Plan or Subsequent Clinical Development Plan, as applicable, for such Licensed Product and such Licensed Product will be deemed a "**Co-Development Product**".

(b) Notwithstanding Section 3.7.1(a), for each Co-Development Product, solely for the period prior to the first Regulatory Approval for any Licensed Product in the [***] in an initial Indication, Licensor shall not be required to expend more than [***] in a given Calendar Year (the "**Annual Cap**") or [***] in aggregate (the "**Aggregate Cap**", and together with the Annual Cap, the "**Caps**") for its Pro Rata Percentage of the Development Costs for Co-Development Activities under the First Clinical Development Plan or Subsequent Clinical Development Plan, as applicable, for such Co-Development Product. Licensor and AbbVie may mutually agree in writing, from time to time, to increase the Annual Cap or Aggregate Cap. If one or both of the Caps, as may be amended, are reached with respect to a Co-Development Product, at Licensor's election, AbbVie shall thereafter bear [***] of Development Costs of the Co-Development Activities for such Co-Development Product for the then remaining portion of the current Calendar Year (if the Annual Cap is reached) or shall thereafter bear [***] of all future Development Costs of the Co-Development Activities for such Co-Development Product (if the Aggregate Cap is reached). If Licensor does not so elect, neither the Annual Cap nor the Aggregate Cap will apply and Licensor will pay to AbbVie its Pro Rata Percentage of all Development Costs. Notwithstanding the foregoing, AbbVie shall have the right to offset an amount (the "**Recoupment Amount**") [***] until the total Recoupment Amount has been recouped by AbbVie in full through such offsets. Licensor may in its discretion elect to pre-pay (x) any Development Costs of the Co-Development Activities for such Co-Development Product in excess of the Aggregate Cap; or (y) any portion of the outstanding Recoupment Amount, in each case upon written notice to AbbVie. For purposes of this Section 3.7.1(b), the "**Development Reimbursement Premium Percentage**" means [***].

3.7.2FTE Costs. Each Party shall record and account for its FTE Costs and its out-of-pocket costs for the Co-Development Activities and shall report such costs to the JDC on a quarterly basis, in each case, in a manner that allocates costs to the extent possible to a specific activity in the applicable Plan.

3.7.3Reports. For each Co-Development Product, each Party shall report to the other Party, within [***] after the end of each Calendar Quarter, the Development Costs incurred by such Party during such Calendar Quarter beginning with the first Calendar Quarter in which Development Costs are incurred. Such report shall specify in reasonable detail all amounts included in such Development Costs during such Calendar Quarter and shall be accompanied by invoices or other appropriate supporting documentation for any payments made by such Party to Third Parties that individually exceed [***]. Each such report shall enable the receiving Party to compare the reported costs against the applicable Plan, on both a quarterly basis and a cumulative basis for each activity. The Parties shall seek to resolve any questions related to such accounting statements within [***] following receipt by each Party of the other Party's report hereunder.

3.7.4Payments. Development Costs initially shall be borne by the Party incurring the cost or expense and thereafter shall be subject to reimbursement, if applicable, in accordance with, Section 3.7.1, and this Section 3.7.4. Within [***] after receipt of the reports pursuant to Section 3.7.3, the Party that has paid less than its share of Development Costs during such Calendar Quarter shall make reconciling payments to the other Party to achieve the appropriate allocation of Development Costs provided in Section 3.7.1.

3.8Subcontracting. Each Party shall have the right to subcontract any of its Party Development Activities to a Third Party (a "**Third Party Provider**"); *provided*, that Licensor must (a) furnish AbbVie with advanced written notice thereof, which notice shall specify the work to be subcontracted, (b) secure AbbVie's prior written consent to such Third Party Provider and the activities to be subcontracted (including consent through designating Third Party Providers in a Plan approved by AbbVie) and (c) obtain a written undertaking from the Third Party Provider that it shall be subject to the applicable terms and conditions of this Agreement, including the confidentiality provisions of ARTICLE 10. Licensor shall include AbbVie in any discussions and negotiations with any such Third Party Provider and shall follow AbbVie's instructions with respect to any decision pertaining to Licensor's arrangement with such Third Party.

3.9Supply of Technology for Development Purposes.

(a) Immediately after the Effective Date, Licensor shall, and shall cause its Affiliates to, without additional compensation, disclose and make available to AbbVie, in whatever form AbbVie may reasonably request, sequence information for the CD71 Probodies. Without limiting the other provisions of this Agreement and unless otherwise necessary prior to Initiation of a Phase I Clinical Study for AbbVie to perform its obligations or exercise its rights hereunder, immediately after Initiation of a Phase I Clinical Study, Licensor shall, and shall cause its Affiliates to, without additional compensation, disclose and make available to AbbVie, in whatever form AbbVie may reasonably request, Regulatory Documentation, Licensor Background Know-How, and any other Information claimed or covered by any Licensor Background Patent, in each case to the extent relating to the CD71 Probodies (including sequence information), and to the extent not done so already, and as necessary or useful for AbbVie's Development of Licensed Products. Thereafter during the Term, Licensor shall, and shall cause its Affiliates to, without additional compensation, disclose and make available to AbbVie, in whatever form AbbVie may reasonably request, Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, and any other Information claimed or covered by any Licensor Background Patent, Licensor Program Patent or Joint Program Patent, in each case to the extent relating to the CD71 Probodies (including sequence information), and to the extent not done so already, and as necessary or useful for AbbVie's Development of Licensed Products. Notwithstanding the foregoing, Licensor shall have no obligation to provide any Tools to AbbVie.

(b) Promptly following AbbVie's request, Licensor shall, and shall cause its Affiliates to provide CD71 Probody materials and associated cell lines as necessary or useful for AbbVie's Development of Subsequent Licensed Products. Up to [***] of CD71 Probody materials shall be provided by Licensor to AbbVie without additional compensation and, should additional quantities be required, Licensor shall provide them to AbbVie at cost.

(c) Licensor, at its sole cost and expense, shall provide AbbVie with all reasonable assistance required in order to transfer to AbbVie the Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, and other Information required to be produced pursuant to clause (a)

above, in each case in a timely manner, and shall assist AbbVie with respect to the Exploitation of any CD71 PDC and any Licensed Products. Without prejudice to the generality of the foregoing, if visits of Licensor's representatives to AbbVie's facilities are reasonably requested by AbbVie for purposes of transferring the Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, or other Information to AbbVie or for purposes of AbbVie acquiring expertise on the practical application of such Information or assisting on issues arising during such Exploitation, Licensor shall send appropriate representatives to AbbVie's facilities for reasonable time periods.

3.10Regulatory Matters.

3.10.1Regulatory Activities for First CD71 PDC and First Licensed Products.

(a) Licensor shall have the sole right and responsibility to prepare obtain and maintain in its name all INDs in the United States and other Approved Countries necessary to perform its obligations under the CD71 Initial Development Plan and Budget, and to conduct communications with the applicable Regulatory Authorities in the United States and other Approved Countries with respect to such INDs; *provided*, that Licensor shall keep AbbVie informed with respect to its interactions with Regulatory Authorities regarding the First Licensed Product, and the form and content of all such INDs and communications shall be subject to the review and approval of AbbVie prior to their submission to the applicable Regulatory Authorities; *provided*, *further*, that promptly upon completion of the Development Activities under the CD71 Initial Development Plan and Budget, Licensor shall and does hereby assign and transfer to AbbVie (or its designee) all of Licensor' right, title and interest in and to all INDs and any other Regulatory Approvals and Regulatory Documentation with respect to the First CD71 PDC and First Licensed Product.

(b) Prior to the assignment and transfer of INDs by Licensor to AbbVie pursuant to Section 3.10.1(a), Licensor shall provide AbbVie with prior written notice, to the extent Licensor has advance knowledge, of any scheduled meeting, conference, or discussion (including any advisory committee meeting) with a Regulatory Authority in the United States relating to a First Licensed Product, reasonably promptly after Licensor or its Affiliate first receives notice of the scheduling of such meeting, conference, or discussion (or within such shorter period as may be necessary in order to give AbbVie a reasonable opportunity to attend such meeting, conference, or discussion). AbbVie shall have the right to have two (2) of its employees attend as an observer (but not participate in) all such meetings, conferences, and discussions at AbbVie's expense.

(c) Commencing upon the assignment and transfer of an IND by Licensor to AbbVie pursuant to Section 3.10.1(a), AbbVie shall have the sole right and responsibility to maintain in its name such IND, and to conduct communications with the applicable Regulatory Authorities with respect to such IND. Without limiting the foregoing, AbbVie shall have the sole right and responsibility to prepare, obtain and maintain in its name all other INDs necessary to perform its obligations under each Plan, and to conduct communications with the applicable Regulatory Authorities with respect to such INDs.

(d) AbbVie shall have the sole right (subject to the terms of this Section 3.10.1) to prepare, obtain, and maintain all Drug Approval Applications (including the setting of the overall regulatory strategy therefor), other Regulatory Approvals and other submissions, and to conduct communications with the applicable Regulatory Authorities, for the First CD71 PDCs and First Licensed Products in all countries and jurisdictions in the Territory. Licensor shall support AbbVie, as may be reasonably necessary, in obtaining Regulatory Approvals for the First CD71 PDCs and First Licensed Products, and in the activities in support thereof, including providing necessary documents or other materials then in Licensor's or its Affiliates or sublicensees possession and Control that are required by Applicable Law to obtain such Regulatory Approvals, in each case in accordance with the terms and conditions of this Agreement and the applicable Plan.

(e) AbbVie shall provide Licensor with an opportunity to review and comment on all major regulatory filings and documents (including INDs, Drug Approval Applications, material labeling supplements, Regulatory Authority meeting requests, and core data sheets) for the First CD71 PDCs and First Licensed Products in the U.S. and the European Union (collectively, "**Major Regulatory Filings**"). AbbVie shall provide access to interim drafts of such Major Regulatory Filings to Licensor via the access methods (such as secure databases) established by the JDC, and Licensor shall provide its comments on the final drafts of such Major Regulatory Filings or of proposed material actions within [***][***] for Drug Approval Applications), or such other longer period of time mutually agreed to by the Parties. If a Regulatory Authority establishes a response deadline for any such Major Regulatory Filing or material action shorter than such [***] (or [***]) period, the Parties shall work cooperatively to ensure the other Party has a reasonable opportunity for review and comment within such deadlines. AbbVie shall, and shall cause its Affiliates and Sublicensees to, consider in good faith any such comments of Licensor. Subject to the immediately following sentence, AbbVie shall provide Licensor with (i) access to or copies of all material written or electronic correspondence (other than regulatory filings) relating to the Development or Commercialization of First CD71 PDCs and First Licensed Products received by AbbVie or its Affiliates or Sublicensees from, or forwarded by AbbVie or its Affiliates or Sublicensees to, the Regulatory Authorities in the U.S. and the European Union, and (ii) copies of all meeting minutes and summaries of all meetings, conferences, and discussions held by AbbVie or its Affiliates or Sublicensees with the Regulatory Authorities relating to the Development or Commercialization of Licensed Products in the U.S. and the European Union, including copies of all contact reports produced by AbbVie or its Affiliates or Sublicensees, in each case ((i) and (ii)) within [***] of its receipt, forwarding or production of the foregoing, as applicable. If such written or electronic correspondence received from any such Regulatory Authority relates to the withdrawal, suspension, or revocation of a Regulatory Approval for a Product, the prohibition or suspension of the supply of a First CD71 PDC or First Licensed Product, or the initiation of any investigation, review, or inquiry by such Regulatory Authority concerning the safety of a First CD71 PDC or First Licensed Product, AbbVie shall notify Licensor and provide Licensor with copies of such written or electronic correspondence as soon as practicable.

(f) AbbVie shall provide Licensor with prior written notice, to the extent AbbVie has advance knowledge, of any scheduled meeting, conference, or discussion (including any advisory committee meeting) with a Regulatory Authority in the U.S. or the

European Union relating to a First Licensed Product, reasonably promptly after AbbVie or its Affiliate or Sublicensee first receives notice of the scheduling of such meeting, conference, or discussion (or within such shorter period as may be necessary in order to give Licensor a reasonable opportunity to attend such meeting, conference, or discussion). Licensor shall have the right to have two (2) of its employees attend as an observer (but not participate in) all such meetings, conferences, and discussions at Licensor' expense.

3.10.2Regulatory Activities for Subsequent CD71 PDC and Subsequent Licensed Products.

(a) As between the Parties, AbbVie shall have the sole right to prepare, obtain, and maintain the Drug Approval Applications (including the setting of the overall regulatory strategy therefor), other Regulatory Approvals and other submissions, and to conduct communications with the Regulatory Authorities, for Subsequent CD71 PDCs or Subsequent Licensed Products in the Territory (which shall include filings of or with respect to INDs and other filings or communications with the Regulatory Authorities with respect to Co-Development Activities). Licensor shall support AbbVie, as may be reasonably necessary, in obtaining Regulatory Approvals for the Subsequent Licensed Products, and in the activities in support thereof, including providing necessary documents or other materials required by Applicable Law to obtain Regulatory Approvals, in each case in accordance with the terms and conditions of this Agreement and the applicable Plan.

(b) All Regulatory Documentation (including all Regulatory Approvals and Product Labeling) relating to the Subsequent CD71 PDCs or Subsequent Licensed Products with respect to the Territory shall be owned by, and shall be the sole property and held in the name of, AbbVie or its designated Affiliate, Sublicensee or designee. Licensor shall duly execute and deliver, or cause to be duly executed and delivered, such instruments and shall do and cause to be done such acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary under, or as AbbVie may reasonably request in connection with, or to carry out more effectively the purpose of, or to better assure and confirm unto AbbVie its rights under, this Section.

3.10.3Recalls AbbVie shall make every reasonable effort to notify Licensor promptly following its determination that any event, incident, or circumstance has occurred that may result in the need for a recall, market suspension, or market withdrawal of a Licensed Product in the Territory, and shall include in such notice the reasoning behind such determination, and any supporting facts. AbbVie (or its Sublicensee) shall have the right to make the final determination whether to voluntarily implement any such recall, market suspension, or market withdrawal in the Territory. If a recall, market suspension, or market withdrawal is mandated by a Regulatory Authority in the Territory, AbbVie (or its Sublicensee) shall initiate such a recall, market suspension, or market withdrawal in compliance with Applicable Law. For all recalls, market suspensions or market withdrawals undertaken pursuant to this Section 3.10.3, AbbVie (or its Sublicensee) shall be solely responsible for the execution thereof, and Licensor shall reasonably cooperate in all such recall efforts. Subject to ARTICLE 12, (i) in the event that a recall, market suspension, or market withdrawal resulted from a Party's or its Affiliate's breach of its obligations hereunder, or from such Party's or its Affiliate's negligence or willful misconduct, such Party shall bear the expense of such recall, market

suspension, or market withdrawal, (ii) with respect to any other recall, market suspension, or market withdrawal of a Co-Development Product in the U.S., the expenses incurred by the Parties as a result of such recall, market suspension, or market withdrawal shall be included in Allowable Expenses hereunder and shared by the Parties pursuant to Section 7.8, and (iii) with respect to any recall, market suspension, or market withdrawal not covered by clause (i) or (ii), AbbVie shall be responsible for all costs of such recall, market suspension, or market withdrawal.

3.11Compliance. Each Party shall perform or cause to be performed, any and all of its Party Development Activities under each Plan in good scientific manner and in compliance with all Applicable Law.

3.12[***]

3.12.1[***]

3.12.2[***]

3.13Records.

3.13.1 Each of Licensor and AbbVie shall, and shall ensure that its Third Party Providers, maintain records in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, and in compliance with Applicable Law, which shall be complete and accurate and shall properly reflect all work done and results achieved in the performance of its designated Party Development Activities which shall record only such activities and shall not include or be commingled with records of activities outside the scope of this Agreement. Such records shall be retained by Licensor or AbbVie, as the case may be, for at least [***] after the termination of this Agreement, or for such longer period as may be required by Applicable Law.

3.13.2 AbbVie shall have the right, during normal business hours and upon reasonable notice, to inspect and copy all records of Licensor maintained pursuant to Section 3.13.1. For each Co-Development Product, following the applicable Co-Development Opt-Out Period, Licensor shall have the right, during normal business hours and upon reasonable notice, to inspect and copy all records of AbbVie maintained pursuant to Section 3.13.1 for such Co-Development Product, but in each case excluding (a) Information relating to any Delivery System-related or Manufacturing-related intellectual property Controlled by AbbVie or its Affiliates, including any proprietary cell lines, any proprietary cell culture media and any know how associated with such cell lines and cell culture media, (b) Information relating to any Payload or Linker (other than [***]), and (c) Third Party Information that AbbVie is contractually or otherwise legally prohibited from sharing or disclosing. The inspecting Party shall maintain such records and the information disclosed therein in confidence in accordance with ARTICLE 10.

ARTICLE 4
COMMERCIALIZATION

4.1In General. AbbVie (itself or through its Affiliates or Sublicensees) shall have the sole right to Commercialize CD71 PDCs and Licensed Products in the Territory at its

own cost and expense (subject to the sharing of Net Profits and Net Losses of Co-Development Products in Section 7.8 and Licensor's co-promotion rights in Section 4.8).

4.2Diligence. AbbVie shall use Commercially Reasonable Efforts to Commercialize one Licensed Product in each Major Market following receipt of Regulatory Approval therefor in such Major Market**;** *provided*, that such obligation is expressly conditioned upon Licensor's and its Affiliates' performing their respective obligations hereunder and, if applicable, under the Co-Promotion Agreement. Licensor acknowledges and agrees that, in addition to the foregoing, (A) AbbVie shall have the right to satisfy its diligence obligations hereunder through its Affiliates or Sublicensees, [***].

4.3Statements and Compliance with Applicable Law. Each Party shall, and shall cause its Affiliates to, comply with all Applicable Law with respect to the Commercialization of Licensed Products.

4.4Booking of Sales; Distribution. AbbVie shall have the sole right to invoice and book sales, establish all terms of sale (including pricing and discounts) and warehousing, and distribute the Licensed Products (including Co-Promotion Products) in the Territory and to perform or cause to be performed all related services. AbbVie shall handle all returns, recalls, or withdrawals, order processing, invoicing, collection, distribution, and inventory management with respect to the Licensed Products (including Co-Promotion Products) in the Territory.

4.5Product Trademarks. Subject to Section 4.6, AbbVie shall have the sole right to determine and own the Product Trademarks to be used with respect to the Exploitation of the Licensed Products on a worldwide basis. Licensor shall not, and shall not permit its Affiliates to, (a) use in their respective businesses, any Trademark that is confusingly similar to, misleading or deceptive with respect to or that dilutes any (or any part) of the Product Trademarks, and (b) do any act which endangers, destroys, or similarly affects, in any material respect, the value of the goodwill pertaining to the Product Trademarks. Licensor agrees, and shall cause its Affiliates, to conform (i) to the customary industry standards for the protection of Product Trademarks for products and such guidelines of AbbVie with respect to manner of use (as provided in writing by AbbVie) of the Product Trademarks, and (ii) to maintain the quality standards of AbbVie with respect to the goods sold and services provided in connection with such Product Trademarks. Licensor shall not, and shall not permit its Affiliates to, attack, dispute, or contest the validity of or ownership of such Product Trademark anywhere in the Territory or any registrations issued or issuing with respect thereto.

4.6Markings. To the extent required by Applicable Law in a country or other jurisdiction in the Territory, the Promotional Materials, packaging, and Product Labeling for the Licensed Products used by AbbVie and its Affiliates in connection with the Licensed Products in such country or other jurisdiction shall contain (a) the Corporate name of Licensor, and (b) the logo and corporate name of the manufacturer (if other than AbbVie or an Affiliate) (collectively, the "**Markings**").

4.7Commercial Supply of CD71 PDCs or Licensed Products.

4.7.1Commercial Supply of CD71 PDCs or Licensed Products. As between the Parties, AbbVie shall have the sole right, at its expense, to Manufacture (or have Manufactured) and supply CD71 PDCs and Licensed Products for commercial sale in the Territory by AbbVie and its Affiliates and Sublicensees.

4.7.2Manufacturing Technology Transfer Upon AbbVie's Request. AbbVie shall have the right, at any time and from time to time after (i) initiation of a Phase I Clinical Study (in the case of First CD71 PDCs or First Licensed Products) or (ii) [***] after the Effective Date (in the case of Subsequent CD71 PDCs or Subsequent Licensed Products), to require Licensor to effect a full transfer to AbbVie or its designee (which designee may be an Affiliate or a Third Party manufacturer, and which Third Party manufacturer may be a backup manufacturer or a second manufacturer of CD71 PDCs or Licensed Product) of all Licensor Background Know-How, Licensor Program Know-How and Joint Program Know-How relating to the then-current process necessary or useful for the Manufacture of CD71 Probodies, CD71 PDCs and Licensed Products (the "**Manufacturing Process**") and to implement the Manufacturing Process at facilities designated by AbbVie (such transfer and implementation, as more fully described in this Section 4.7.2, the "**Manufacturing Technology Transfer**"). Licensor shall provide, and shall cause its Third Party manufacturers to provide, all reasonable assistance requested by AbbVie to enable AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to implement the Manufacturing Process at the facilities designated by AbbVie. If requested by AbbVie, such assistance shall include facilitating the entering into of agreements with applicable Third Party suppliers relating to CD71 PDCs and Licensed Products. Without limitation to the foregoing, in connection with each Manufacturing Technology Transfer, Licensor shall, and shall cause its Third Party manufacturers to:

(a) make available to AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) from time to time as AbbVie may request, all Manufacturing-related Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, Information and materials relating to the Manufacturing Process, and all documentation constituting material support, performance advice, shop practice, standard operating procedures, specifications as to materials to be used and control methods, that are reasonably necessary or useful to enable AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to use and practice the Manufacturing Process;

(b) cause all appropriate employees and representatives of Licensor and its Affiliates and all appropriate employees and representatives of its Third Party manufacturers to meet with employees or representatives of AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) at the applicable manufacturing facility at mutually convenient times to assist with the working up and use of the Manufacturing Process and with the training of the personnel of AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to the extent reasonably necessary or useful to enable AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to use and practice the Manufacturing Process;

(c) Without limiting the generality of clause (b) above, cause all appropriate analytical and quality control laboratory employees and representatives of Licensor and its Affiliates and all appropriate analytical and quality control employees and representatives of its Third Party manufacturers to meet with employees or representatives of AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) at the applicable manufacturing facility and make available all necessary equipment, at mutually convenient times, to support and execute the transfer of all applicable analytical methods and the validation thereof (including, all applicable Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, methods, validation documents and other documentation, materials and sufficient supplies of all primary and other reference standards);

(d) take such steps as are reasonably necessary or useful to assist in reasonable respects AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) in obtaining any necessary licenses, permits or approvals from Regulatory Authorities with respect to the Manufacture of CD71 PDCs and Licensed Products at the applicable facilities; and

(e) provide such other assistance as AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) may reasonably request to enable AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to use and practice the Manufacturing Process and otherwise to Manufacture CD71 PDCs and Licensed Products.

4.7.3Subsequent Manufacturing Technology Transfer. Without limiting the foregoing, in the event that Licensor makes any invention, discovery, or improvement relating to the Manufacture of a CD71 Probody, CD71 PDC or a Licensed Product after Licensor has conducted a technology transfer pursuant to Section 4.7.2, Licensor shall, promptly disclose such invention, discovery, or improvement to AbbVie, and shall, at AbbVie's request and at AbbVie's sole cost and expense, perform technology transfer with respect to such invention, discovery, or improvement in the same manner as provided in Section 4.7.2.

4.8Co-Promotion Option.

4.8.1Option. Without limitation to AbbVie's rights under Section 5.3, provided that Licensor has not exercised its Profit Share Opt-Out Right, Licensor shall have the non-exclusive right to elect to assume [***] of the co-promotion effort for each Co-Development Product in the United States (the "**Co-Promotion Option**").

4.8.2Notice. AbbVie will provide Licensor with at least [***] (and no more than [***]) prior written notice of its anticipated filing date for a BLA with the FDA for each Co-Development Product in the United States. In order to exercise a Co-Promotion Option, Licensor must provide AbbVie with written notice (a "**Co-Promotion Exercise Notice**") of its election to exercise the Co-Promotion Option during the Co-Promotion Option Period. Any Co-Development Product for which such election is timely made shall be deemed a "**Co-Promotion Product**". If Licensor does not provide a Co-Promotion Exercise Notice for a given Co-Development Product within the Co-Promotion Option Period, Licensor shall be deemed to have irrevocably waived its right to co-promote such Co-Development Product.

4.8.3Terms of Co-Promotion Agreement. If Licensor exercises the Co-Promotion Option for a given Co-Development Product, such co-promotion by the Licensor's sales force shall be operated and managed in a manner similar to the manner in which AbbVie would operate and manage a co-promotion program with a biotechnology company and in accordance with this Agreement. The terms and conditions of such co-promotion arrangement shall be set forth in a co-promotion agreement (the "**Co-Promotion Agreement**") to be entered into between the Parties as set forth in this Section 4.8.3. Following delivery of a Co-Promotion Exercise Notice, the Parties shall negotiate a Co-Promotion Agreement reasonably and in good faith and with such diligence as is required to execute and deliver the Co-Promotion Agreement by the date that is [***] following the date of such notice, or such other period as the Parties may agree in writing. If, despite such diligence, the Parties are unable to execute the Co-Promotion Agreement in such [***] period, Licensor may continue to exercise its right to negotiate a Co-Promotion Agreement under this ARTICLE 4 and the Parties shall continue to negotiate in good faith thereafter for an additional [***] period thereafter, provided however, that actual Co-Promotion and Detailing of a Co-Promotion Product by Licensor as provided in this ARTICLE 4 shall not commence until execution of such Co-Promotion Agreement. The Co-Promotion Agreement shall include such provisions as are usual and customary in contract sales force agreements, including with respect to diligence obligations of Licensor, except that AbbVie shall not pay Licensor any additional consideration for its performance of its co-promotion obligations in excess of the amounts payable under ARTICLE 7. Under the Co-Promotion Agreement, the JCC shall have the right to make all final decisions with respect to the co-promotion arrangement, including the sales and marketing strategy, the number of sales representatives who will be performing Details and their call plans and assigned territories, the promotional materials to be used, the training and testing applicable to such sales representatives, and restrictions with respect to the ability of such sales representatives to Detail other products. For purposes of this Section 4.8.3, "co-promote" or "co-promotion" means the Detailing of such Co-Promotion Product by Licensor or its Affiliates under the relevant Regulatory Approval and the Product Trademarks, and shall not mean the sale or distribution of such Co-Promotion Product by Licensor or its Affiliates.

4.8.4Compensation for Co-Promotion. The Parties shall share, pursuant to Section 7.8, the costs and expenses incurred by the Parties with respect to co-promotion under the Co-Promotion Agreement solely to the extent that such costs and expenses are included in Net Profits/Net Losses. AbbVie shall have no other obligation to compensate Licensor with respect to its co-promotion of the Co-Promotion Products. Licensor shall be solely responsible for all costs and expenses incurred for its Detailing efforts, except to the extent included in Allowable Expenses pursuant to the terms and conditions of this Agreement. For clarity, if Licensor has not exercised its Co-Development Opt-Out Right for a given Licensed Product, Licensor shall receive the same compensation under Section 7.8 regardless of whether or not it exercises its Co-Promotion Option.

4.9Commercialization Plan.

4.9.1 If Licensor exercises its Co-Promotion Option for a given Co-Development Product, the Commercialization of that Co-Promotion Product and any other Co-Promotion Product in the Co-Promotion Territory shall be conducted pursuant to a

comprehensive multi-year plan (the "**Commercialization Plan**") for such Co-Promotion Product. At least [***] prior to the anticipated date of the First Commercial Sale of such Co-Promotion Product, AbbVie shall propose to the JCC the initial Commercialization Plan for such Co-Promotion Product. Such plan shall allocate responsibility to the Parties for the Commercialization activities for such Co-Promotion Product in the Co-Promotion Territory.

4.9.2 Each Commercialization Plan shall include, with respect to the applicable Co-Promotion Product in the Co-Promotion Territory: (a) general strategies for the promoting, Detailing, marketing, and distributing of the Co-Promotion Product; (b) pre-launch Commercialization activities and the expected date of launch; (c) the nature of promotional activities anticipated; (d) non-binding summary-level market and sales forecasts for the Co-Promotion Product; (e) a non-binding projection of Net Sales for the Co-Promotion Product; (f) plans regarding distribution and supply chain management; and (g) reimbursement and pricing information.

4.9.3 The JCC shall review each Commercialization Plan within [***] after receipt and, thereafter, at least annually, and shall make amendments thereto with respect to the Commercialization of the Co-Promotion Products. As part of the process of adopting or amending each Commercialization Plan that includes a budget for Commercialization activities with respect to a Co-Promotion Product in the Co-Promotion Territory, the Parties shall determine the internal personnel and other resources and out-of-pocket expenditures required for such Commercialization activities for the applicable Calendar Year and for each Calendar Quarter within such Calendar Year. All internal personnel and resources shall be expressed in terms of FTEs or allocated costs and the budgeted cost shall be calculated using the relevant FTE Rates or allocated costs.

4.10Licensor Profit Share Opt-Out Right. Provided that Licensor has not exercised its Co-Promotion Option for a given Co-Development Product, Licensor shall have the right to elect, in its sole discretion, not to receive any additional Net Profits and bear any Net Losses relating to such Co-Development Product (the "**Profit Share Opt-Out Right**") by providing AbbVie with written notice of such election (the "**Profit Share Opt-Out Notice**") at any time prior to the end of the Profit Share Opt-Out Period. Upon the effective date of delivery of the Profit Share Opt-Out Notice, pursuant to Section 7.8, Licensor shall no longer bear Net Losses accrued or incurred following the effective date of delivery of such Profit Share Opt-Out Notice.

ARTICLE 5
GRANT OF RIGHTS

5.1Grants to AbbVie. Licensor (on behalf of itself and its Affiliates) hereby grants to AbbVie:

5.1.1an exclusive (including with regard to Licensor and its Affiliates, except as provided in Section 5.6) license (or sublicense), with the right to grant sublicenses in accordance with Section 5.3, under the Licensor Background Patents, the Licensor Program Patents, the Licensor Background Know-How, the Licensor Program Know-How and Licensor's interests in the Joint Program Patents and the Joint Program Know-How, to (a) characterize and

test CD71 Probodies; (b) use CD71 Probodies to Manufacture and Develop CD71 PDCs and (c) Exploit the CD71 PDCs and Licensed Products in the Field in the Territory;

5.1.2an exclusive (including with regard to Licensor and its Affiliates, except as provided in Section 5.6) license and right of reference, with the right to grant sublicenses and further rights of reference in accordance with Section 5.3, under the Regulatory Approvals and any other Regulatory Documentation that Licensor or its Affiliates may Control with respect to the CD71 PDCs or Licensed Products as necessary for purposes of Exploiting the CD71 PDC and Licensed Products in the Field in the Territory;

5.1.3subject to Section 8.1.7, a non-exclusive license, with the right to grant sublicenses in accordance with Section 5.3, to use (a) Licensor's Corporate Names solely as required to Exploit the CD71 PDCs or Licensed Products in the Field in the Territory and for no other purpose, or (b) the trademark "Probody" to Exploit CD71 PDCs or Licensed Products in the Field and in the Territory.

5.2Grants to Licensor. AbbVie grants to Licensor a non-exclusive, royalty-free license (or sublicense subject to ARTICLE 6, in the case of the Payload IP originating from Third Parties), without the right to grant sublicenses (other than to Third Party Providers of Licensor in accordance with Section 3.8), under the Payload Patents, the AbbVie Program Patents, the Payload Know-How, the AbbVie Program Know-How and AbbVie's interests in the Joint Program Patents and the Joint Program Know-How, to Develop and Manufacture the CD71 PDCs or Licensed Products in the Territory solely for purposes of performing its obligations as set forth in, and subject to, each applicable Plan.

5.3Sublicenses. AbbVie shall have the right to grant sublicenses (or further rights of reference) to its Affiliates and other Persons, through multiple tiers of sublicensees, under the licenses and rights of reference granted in Section 5.1; provided, however, that, with respect to sublicenses for Commercialization rights in the United States (but not including sublicenses of Development or Manufacturing Rights), if Licensor has exercised the Co-Promotion Option within the Co-Promotion Option Period and has not exercised it Profit Share Opt-Out Right, such sublicense shall require the prior written consent of Licensor unless such sublicense is to a Person having the commercial infrastructure to Commercialize Licensed Products in the United States, in which case no prior written consent shall be required; and further provided that AbbVie shall remain responsible for its obligations under this Agreement and shall be responsible for the performance of the relevant Sublicensee, and any such sublicenses shall be consistent with the terms and conditions of this Agreement. For clarity, no prior written consent shall be required for AbbVie to sublicense any Manufacturing or Development rights

5.4 Distributorships . AbbVie shall have the right, in its sole discretion, to appoint its Affiliates, and AbbVie and its Affiliates shall have the right, in their sole discretion, to appoint any other Persons, in the Territory or in any country or other jurisdiction of the Territory, to distribute, market, and sell the Licensed Products (with or without packaging rights), in circumstances where the Person purchases its requirements of Licensed Products from AbbVie or its Affiliates. Where AbbVie or its Affiliates appoints such a Person and such Person is not an Affiliate of AbbVie, that Person shall be a " **Distributor**" for purposes of this

Agreement. The term "packaging rights" in this Section means the right for the Distributor to package Licensed Products supplied in unpackaged bulk form into individual ready-for-sale packs.

5.5Co-Promotion Rights. For purposes of clarity, subject to Section 4.8.1, AbbVie and its Affiliates shall have the right, in their sole discretion, to co-promote the Licensed Products with any other Person(s), or to appoint one (1) or more Third Parties to promote the Licensed Products without AbbVie in all or any part of the Territory.

5.6Retention of Rights.

5.6.1 Notwithstanding the exclusive licenses granted to AbbVie pursuant to Section 5.1, Licensor retains the right to practice under the Licensor Background Patents, the Licensor Program Patents, the Licensor Background Know-How, the Licensors Program Know-How, Licensor's interests in the Joint Program Patents and the Joint Program Know-How, Regulatory Approvals and any other Regulatory Documentation solely to perform (and to sublicense Third Parties to perform as permitted hereunder) its obligations under this Agreement (including Development, detailing a Co-Promotion Product, and the manufacture and supply of CD71 PDC and Licensed Product to AbbVie, as applicable). Except as expressly provided herein, Licensor grants no other right or license, including any rights or licenses to the Licensor Background Patents, the Licensor Program Patents, the Licensor Background Know-How, the Licensor Program Know-How, the Regulatory Documentation, the Licensor Corporate Names, or any other Patent, Other Active Ingredient or intellectual property rights not otherwise expressly granted herein.

5.6.2 Except as expressly provided herein, AbbVie grants no other right or license, including any rights or licenses to the Payload Patents, the AbbVie Background Patents, the AbbVie Program Patents, the Payload Know-How, the AbbVie Background Know-How, the AbbVie Program Know-How, the Regulatory Documentation, or any other Patent or intellectual property rights not otherwise expressly granted herein.

5.7Confirmatory Patent License. Licensor shall if requested to do so by AbbVie immediately enter into confirmatory license agreements in the form or substantially the form reasonably requested by AbbVie for purposes of recording the licenses granted under this Agreement with such patent offices in the Territory as AbbVie considers appropriate. Until the execution of any such confirmatory licenses, so far as may be legally possible, Licensor and AbbVie shall have the same rights in respect of the Licensor Background Patents, Licensor Program Patents and Joint Program Patents and be under the same obligations to each other in all respects as if the said confirmatory licenses had been executed.

5.8Exclusivity with Respect to the Territory.

5.8.1Licensor Covenant.

(a) Licensor shall not, and shall cause its Affiliates not to (a) directly or indirectly, whether alone or together with a Third Party, Develop for any purpose a Restricted CD71 Antibody in the field of oncology or a CD71 PDC or Licensed Product in the Field except as otherwise expressly provided in the CD71 Research Plan, the CD71 Initial Development Plan and Budget, the CD71 Phase II Development Plan (to the extent the JDC has

assigned responsibilities thereunder to Licensor), the First Clinical Development Plan (to the extent the JDC has assigned responsibilities thereunder to Licensor) and the Subsequent Clinical Development Plan (to the extent the JDC has assigned responsibilities thereunder to Licensor), (b) directly or indirectly, develop, commercialize or manufacture any Competing Product in any country or other jurisdiction in the Territory, or (c) license, authorize, appoint, or otherwise enable any Third Party to directly or indirectly, develop, commercialize or manufacture any Competing Product in any country or other jurisdiction in the Territory.

(b) [***]

5.8.2AbbVie Covenant.

(a) [***]

(b) [***]

5.8.3[***]

5.9In-License Agreements. During the Term, neither Licensor nor any of its Affiliates shall, without AbbVie's prior written consent, enter into any agreement with a Third Party related to Information, Regulatory Documentation, material, Patents, or other intellectual other property rights directed primarily to the CD71 PDC or Licensed Product. Subject to Section 8.6, if Licensor or any of its Affiliates are a party to a license, sublicense or other agreement for additional rights, with the right to sublicense, that is relevant to (i.e., not directed primarily to) the CD71 PDC or Licensed Product, or as permitted in the aforementioned sentence, then Licensor shall inform AbbVie and shall provide AbbVie with a copy of such license, sublicense, or other agreement (" **Proposed Future In-Licensed Rights**"). If AbbVie notifies Licensor in writing that it wishes to be bound by and/or assume the rights and obligations of the Proposed Future In-Licensed Rights as they apply to AbbVie and this Agreement, then the Proposed Future In-Licensed Rights shall automatically be included in the Licensor Background Patents and/or Licensor Background Know-How (as applicable) hereunder and AbbVie agrees to abide by all applicable terms and conditions of such license, sublicense or other agreement, as it relates to AbbVie and this Agreement. Unless includable as a Development Cost or Allowable Expense, the amounts payable under any Licensor In-License Agreements and Future Licensor In-License Agreements shall be the responsibility of one or both of the Parties as follows:

5.9.1[***];

5.9.2[***];

5.9.3 Other than as set forth in Sections 5.9.1 or 5.9.2 above, Licensor shall be solely responsible for and shall bear all upfront payments, milestone payments, royalties and other amounts payable to any Third Party in respect of any Proposed Future In-Licensed Rights; provided, that if AbbVie notifies Licensor in writing that it wishes to be bound by and/or assume certain rights and obligations of any Proposed Future In-Licensed Rights and such Proposed Future In-Licensed Rights are automatically included in the Licensor Background Patents and/or Licensor Background Know-How (as applicable) hereunder, then AbbVie shall be responsible for [***] (but not any other payments) that are payable to any Third Party under the

provisions of any such Licensor In-License Agreement that contains such Proposed Future In-Licensed Rights to the extent that such [***] specifically pertain to the Exploitation of a Discovery PDC or Licensed Product by AbbVie or its Affiliates (excluding the portion of any such [***] that are payable under such Licensor In-License Agreement based on the cumulative effect of the Exploitation of a Discovery PDC or Licensed Product by AbbVie or its Affiliates combined with the Exploitation of any other compounds or products by Licensor, its Affiliates or any Third Party). Licensor shall be solely responsible for any other amounts that are payable under such Licensor In-License Agreement.

5.10Reverse Engineering. During the Term and for a period of [***] following the termination of this Agreement, each Party hereby covenants and agrees that it shall not, and shall cause it Affiliates to not, for itself or themselves, (a) except as expressly set forth herein, Develop, Commercialize or Manufacture in any country in the Territory any Antibody or pharmaceutical product containing or encoding any Antibody, in each case that includes or contains an Antibody sequence provided by one Party or its Affiliates to the other Party or its Affiliates under this Agreement, or (b) reverse engineer any Antibody or pharmaceutical product containing or encoding any Antibody, in each case that includes or contains an Antibody sequence provided by one Party or its Affiliates to the other Party or its Affiliates under this Agreement.

ARTICLE 6
[***]

6.1[***] **Generally**. Notwithstanding anything to the contrary in this Agreement, the sublicense granted by AbbVie to Licensor [***] is subject to the terms and conditions of [***]. Licensor acknowledges that it has received a copy of [***] as of the Effective Date and agrees to be bound by all of its applicable terms, including any amendment to [***] permitted or otherwise consented to under Section 11.3.2, and including the following, subject to the more detailed provisions set forth in [***]:

6.1.1[***];

6.1.2[***];

6.1.3[***];

6.1.4[***]; and

6.1.5[***]

6.2Licensor Payments to [***].

6.2.1 Licensor agrees to make all payments due to [***] pursuant to [***] by reason of achievement of any fees, milestones and royalties set forth in [***] that may arise during the CD71 Research Plan or CD71 Initial Development Activities, including the following:

(a) [***] a one-time milestone payment of [***];

(b) [***] a one-time option exercise fee of [***];

(c) [***] an annual maintenance fee [***]; and

(d) [***] upon Initiation of a Phase I trial of the First Licensed Product, [***] of such Initiation.

6.2.2[***] all payments by Licensor to [***] shall be paid in U.S. Dollars by bank wire transfer in immediately available funds to a bank account designated by [***] in writing.

ARTICLE 7
PAYMENTS AND RECORDS

7.1 Upfront Payment. No later than [***] following the Effective Date, AbbVie shall pay Licensor a one-time upfront amount equal to Twenty Million Dollars ($20,000,000). Such payment shall be noncreditable against any other payments due hereunder.

7.2 Development Milestones. In partial consideration of the rights granted by Licensor to AbbVie hereunder and subject to Section 7.6.4(b) and 7.6.4(e) and to the terms and conditions set forth in this Agreement, AbbVie shall pay to Licensor a milestone payment within [***] after the achievement of each of the following milestones, calculated as follows:

7.2.1[***];

7.2.2[***];

7.2.3[***];

7.2.4[***];

7.2.5[***];

7.2.6[***].

If a development milestone set forth in this Section 7.2 for a First CD71 PDC or First Licensed Product or a regulatory milestone set forth in Section 7.3 for a First CD71 PDC or First Licensed Product, becomes due before an earlier listed development milestone for the same First CD71 PDC or First Licensed Product, then the earlier listed development milestone shall become payable upon the achievement of the later listed development or regulatory milestone for the same First CD71 PDC or First Licensed Product. For example, if a Licensed Product is approved and the Milestone set forth in Section 7.3.4 becomes due, and the milestone for initiating a Phase III Clinical Study set forth in Section 7.2.5 had not yet become due, then upon achievement of the milestone set forth in Section 7.3.4, the milestone set forth in Section 7.2.5 also would become due.

Each milestone payment in this Section 7.2 shall be payable only upon the first achievement of such milestone and no amounts shall be due for subsequent or repeated achievements of such milestone, whether for the same or a different CD71 PDC or Licensed Product. The maximum aggregate amount payable by AbbVie pursuant to this Section is [***].

7.3 Regulatory Milestones. In partial consideration of the rights granted by Licensor to AbbVie hereunder and subject to Sections 7.6.4(b) and 7.6.4(e) and to the terms and

conditions set forth in this Agreement, AbbVie shall pay to Licensor a milestone payment within [***] after the achievement of each of the following milestones, calculated as follows:

7.3.1[***];

7.3.2[***];

7.3.3[***];

7.3.4[***];

7.3.5[***]; and

7.3.6[***].

Each milestone payment in this Section 7.3 shall be payable only upon the first achievement of such milestone and no amounts shall be due for subsequent or repeated achievements of such milestone, whether for the same or a different CD71 PDC or Licensed Product. The maximum aggregate amount payable by AbbVie pursuant to this Section is [***].

7.4Sales-Based Milestones. In partial consideration of the rights granted by Licensor to AbbVie hereunder and subject to Section 7.6.4(b) and 7.6.4(e) and to the terms and conditions set forth in this Agreement, AbbVie shall pay to Licensor a milestone payment within [***] after the end of the Calendar Quarter in which the achievement of each of the following milestones has occurred, calculated as follows:

7.4.1[***]; and

7.4.2[***].

Each milestone payment in this Section 7.4 shall be payable only upon the first achievement of such milestone and no amounts shall be due for subsequent or repeated achievements of such milestone, whether for the same or a different Licensed Product. The maximum aggregate amount payable by AbbVie pursuant to this Section is [***].

7.5Milestone Reductions upon Exercise of Opt-Out Right. Notwithstanding the foregoing, if Licensor exercises the Co-Development Opt-Out Right with respect to a Licensed Product, all of the future milestones set forth in Sections 7.2, 7.3 and 7.4 with respect to such Licensed Product shall be reduced by [***]; provided that in such case, the sales-based milestones in Section 7.4 shall be calculated based on Net Sales in the entire Territory (rather than the Ex-U.S. Territory).

7.6Royalties.

7.6.1Royalty Rates for No Co-Development Opt-Out or for Profit Share Opt-Out. As further consideration for the rights granted to AbbVie hereunder, and subject to Section 7.6.4, (a) if Licensor has exercised its Profit Share Opt-Out Right for the given Licensed Product, commencing upon the First Commercial Sale of such Licensed Product in the Territory, on a Licensed Product-by-Licensed Product basis, AbbVie shall pay to Licensor a royalty on Net Sales of each Licensed Product in the Territory, and (b) if Licensor has not exercised its Co-Development Opt-Out Right or its Profit Share Opt-Out Right for the given Licensed Product, commencing upon the First Commercial Sale of such Licensed Product in the

Ex-U.S. Territory, on a Licensed Product-by-Licensed Product basis, AbbVie shall pay to Licensor a royalty on Net Sales of each Licensed Product solely in the Ex-U.S. Territory, and in each case of subparagraphs (a) and (b) above, excluding Net Sales of each Licensed Product in any country or other jurisdiction for which the Royalty Term for such Licensed Product in such country or other jurisdiction has expired, during each Calendar Year at the following rates:

Net Sales in the Ex-U.S. Territory for which Licensor has not exercised its Co-Development Opt-Out Right and, if Licensor Exercised its Profit Share Opt-Out Right, the entire Territory of all Licensed Products containing the same CD71 PDC in a Calendar Year	**Royalty Rate**
[***]	[***]
[***]	[***]
[***]	[***]

For purposes of clarity, (a) if Licensor has not exercised its Co-Development Opt-Out Right and has also not exercised its Profit Share Opt-Out Right, the royalties in this Section 7.6.2 shall only apply in the Ex-US Territory and (b) if Licensor has not exercised its Co-Development Opt-Out Right but has exercised its Profit Share Opt-Out Right, the royalties in this Section 7.6.2 shall apply in both the United States and the Ex-US Territory.

7.6.2Reduced Royalty Rates for Co-Development Opt-Out. As further consideration for the rights granted to AbbVie hereunder, subject to Section 7.6.4 and provided that Licensor has exercised its Co-Development Opt-Out Right for the given Licensed Product, commencing upon the First Commercial Sale of such Licensed Product in the Territory, on a Licensed Product-by-Licensed Product basis, AbbVie shall pay to Licensor a royalty on Net Sales of each Licensed Product in the Territory (excluding Net Sales of each Licensed Product in any country or other jurisdiction in the Territory for which the Royalty Term for such Licensed Product in such country or other jurisdiction has expired) during each Calendar Year at the following rates (the "**Reduced Royalty Rates**"):

Net Sales in the Territory of all Licensed Product containing the same CD71 PDC in a Calendar Year for which Licensor has exercised its Co-Development Opt-Out Right	**Royalty Rate**
[***]	[***]
[***]	[***]
[***]	[***]

7.6.3Royalty Term. AbbVie shall have no obligation to pay any royalty with respect to Net Sales of any Licensed Product in any country or other jurisdiction after the Royalty Term for such Licensed Product in such country or other jurisdiction has expired.

7.6.4Reductions. Notwithstanding the foregoing:

(a) in the event that in any country or other jurisdiction in the Territory during the Royalty Term for a Licensed Product there is Biosimilar Competition resulting in [***];

(b) if AbbVie has an existing agreement (including [***] for amounts paid by AbbVie) or enters into an agreement with a Third Party in order to obtain a license or right under a Patent or intellectual property right owned or controlled by such Third Party in a particular country or other jurisdiction that is necessary or reasonably useful to Exploit a CD71 PDC or Licensed Product, AbbVie shall be entitled to deduct from any royalties, milestones or other amounts payable hereunder with respect to that country or other jurisdiction the following percentage of all upfront payments, milestone payments, royalties, and other amounts paid to such Third Party in respect of such agreement ("**AbbVie Third Party Payments**") except to the extent included as an Allowable Expense or Development Cost or to the extent such AbbVie Third Party Payments constitute royalties under any agreement in which AbbVie obtained a right or license to Exploit an Other Active Ingredient (for which the Net Sales calculation under this Agreement excluded the value of such Other Active Ingredient):

(i) If Licensor has not exercised its Co-Development Opt-Out Rights with respect to a Licensed Product, for periods before expiration of the applicable Co-Development Opt-Out Period and for periods after expiration of the applicable Co-Development Opt-Out Period in the Ex-US Territory, [***]; provided that if Licensor exercises the Profit Share Opt-Out Right, such deduction shall apply to the entire Territory and not just the Ex-US Territory; and

(ii) If Licensor has exercised its Co-Development Opt-Out Right with respect to a Licensed Product, for amounts under [***],[***] and for all other AbbVie Third Party Payments [***].

Notwithstanding the foregoing, (A) AbbVie has the right to deduct [***] of all payments by AbbVie in connection with Blocking Third Party Platform IP and (B) AbbVie shall be responsible for [***] of all payments by AbbVie in connection with Blocking Third Party Payload IP;

(c) in the event that a court or a governmental agency of competent jurisdiction requires AbbVie or any of its Affiliates or Sublicensees to grant a compulsory license to a Third Party permitting such Third Party to make and sell a Licensed Product in a country or other jurisdiction in the Territory, then, for the purposes of calculating the royalties payable with respect to such Licensed Product under Section 7.6.1, [***] of Net Sales of such Licensed Product in such country or other jurisdiction shall be disregarded;

(d) in the event that, and in such case from and after the date on which, a Licensed Product is Exploited in a country or other jurisdiction and is not covered by

a Valid Claim of a Licensor Background Patent or Licensor Program Patent that covers the Manufacture, use or sale of a Licensed Product in such country or other jurisdiction, the royalty rate set forth in Section 7.6.1 and 7.6.2 with respect to such country or other jurisdiction (for purposes of calculations under Section 7.6.1 and 7.6.2), each shall be reduced by [***].

(e) AbbVie shall have the right to deduct costs in accordance with Sections 8.3.7, 8.4 and 8.5.5.

(f) **Royalty Floor**. Notwithstanding anything to the contrary in this Section 7.6.4, in no event will the royalties payable to Licensor under this Section 7.6 be reduced to less than [***] of the royalties set forth in Sections 7.6.1 or 7.6.2 and any balance of such deductions then remaining would be carried over to subsequent [***] and applied against any royalties due with respect to such subsequent [***]. Notwithstanding the foregoing, the foregoing limitation on current reductions of the royalty rate below [***] shall not apply to (i) [***], (ii) Section 7.6.4(b)(ii)(A), or (iii) deductions in accordance with Section 8.3.7, 8.4 (relating to Blocking Third Party Platform IP) and 8.5.5.

(g) The Parties acknowledge and agree that the royalty payments (including the royalty rates and term for such royalty payments) set forth in ARTICLE 7 are to be made in consideration for the licenses and rights granted by Licensor to AbbVie with respect to both the Patents and Know-How, and have been agreed to by the Parties for the purpose of reflecting and advancing their mutual convenience, including the ease of calculation of such royalties and the payment of such royalties by AbbVie to Licensor.

7.7Royalty Payments and Reports. AbbVie shall calculate all amounts payable to Licensor pursuant to Section 7.6 at the end of each Calendar Quarter, which amounts shall be converted to Dollars, in accordance with Section 7.10. AbbVie shall pay to Licensor the royalty amounts due with respect to a given Calendar Quarter within [***] after the end of such Calendar Quarter. Each payment of royalties due to Licensor shall be accompanied by a statement of the amount of Net Sales of each Licensed Product in each country or other jurisdiction in the Territory during the applicable Calendar Quarter (including such amounts expressed in local currency and as converted to Dollars) and a calculation of the amount of royalty payment due on such Net Sales for such Calendar Quarter.

7.8Profit or Loss in the United States. In the event that Licensor has not exercised its Co-Development Opt-Out Right with respect to a Licensed Product, the terms and conditions of this Section 7.8 shall govern each Party's rights and obligations with respect to Net Profits and Net Losses relating to such Co-Development Product. Subject to Section 7.9, and beginning on the Effective Date (a) Licensor shall receive its Pro Rata Percentage of all Net Profits, and bear its Pro Rata Percentage of all Net Losses, as applicable, with respect to the Co-Development Products in the United States, and (b) AbbVie shall receive its Pro Rata Percentage of all Net Profits, and bear its Pro Rata Percentage of all Net Losses, as applicable, with respect to the Co-Development Products in the United States. Notwithstanding the foregoing, if Licensor exercises its Profit Share Opt-Out right for a Co-Development Product, effective on the delivery of the applicable Profit Share Opt-Out Notice, (i) Licensor shall no longer receive its Pro Rata Percentage of all Net Profits, or bear its Pro Rata Percentage of all Net Losses incurred or accrued following delivery of the Profit Share Opt-Out Notice with

respect to such Co-Development Product and (ii) AbbVie will be responsible for all Net Losses and receive all Net Profits for such Co-Development Product thereafter.

7.9 Calculation and Payment of Net Profit or Net Loss Share.

7.9.1Reports and Payments in General. In the event that Licensor has not exercised its Co-Development Opt-Out Right with respect to a Licensed Product, each Party shall report to the other Party, within [***] after the end of each Calendar Quarter following expiration of the applicable Co-Development Opt-Out Period, with regard to Net Sales and Allowable Expenses incurred by such Party for such Co-Development Product during such Calendar Quarter in the United States in a manner sufficient to enable the other Party to comply with its reporting requirements; *provided* that in the case of the first Calendar Quarter for which such report is due, each Party shall additionally report all Allowable Expenses incurred by such Party prior to such Calendar Quarter with respect to such Co-Development Product. Such report shall specify in reasonable detail all deductions allowed in the calculation of such Net Sales in the United States and all expenses included in Allowable Expenses, and, if requested by a Party, any invoices or other supporting documentation for any payments to a Third Party that individually exceed [***] (or such other amount approved by the JCC) shall be promptly provided. Within [***] after receipt of such reports, the Parties shall reconcile all Net Sales in the United States and Allowable Expenses to ascertain whether there is a Net Profit or Net Loss and payments shall be made as set forth in subsections (a) and (b) below, as applicable.

(a) If there is a Net Profit for such Calendar Quarter, then AbbVie shall reimburse Licensor for Allowable Expenses incurred by Licensor in such Calendar Quarter and shall pay to Licensor, an amount equal to Licensor's Pro Rata Percentage of the Net Profit for such Calendar Quarter; or

(b) If there is a Net Loss for such Calendar Quarter, then the Party that has borne less than its share of the Allowable Expenses in such Calendar Quarter shall make a reconciling payment to the other Party to assure that each Party bears its share of such Net Loss during such Calendar Quarter.

7.9.2Last Calendar Quarter. No separate payment shall be made for the last Calendar Quarter in any Calendar Year. Instead, at the end of each such Calendar Year, a final reconciliation shall be conducted by comparing the share of Net Profit or Net Loss to which a Party is otherwise entitled for such Calendar Year pursuant to Sections 7.8 and 7.9.1 against the sum of all amounts (if any) previously paid or retained by such Party for prior Calendar Quarters during such Calendar Year, and the Parties shall make reconciling payments to one another no later than [***] after the end of such Calendar Quarter, if and as necessary to ensure that each Party receives for such Calendar Year its share of Net Profits and bears its share of Net Losses in accordance with Section 7.8.

7.9.3FTE Records and Calculations. Each Party shall record and account for its FTE effort with respect to each CD71 PDC or Licensed Product to the extent that such FTE efforts are included in Allowable Expenses that are, or may in the future be, shared under this Agreement, and shall report such FTE effort to the JCC, if requested (such request not to be more than on a quarterly basis). Each Party shall calculate and maintain records of FTE effort incurred by it in the same manner as used for other products developed by such Party,

unless instructed by the JCC to employ other procedures, in which case such other procedures shall be applied equally to both Parties.

7.10Mode of Payment; Offsets. All payments to either Party under this Agreement shall be made by deposit of Dollars in the requisite amount to such bank account as the receiving Party may from time to time designate by notice to the paying Party. For the purpose of calculating any sums due under, or otherwise reimbursable pursuant to, this Agreement (including the calculation of Net Sales expressed in currencies other than Dollars), a Party shall convert any amount expressed in a foreign currency into Dollar equivalents using its, its Affiliate's or Sublicensee's standard conversion methodology consistent with Accounting Standards. AbbVie shall have the right to offset any payment that is owed by Licensor but not paid against any payments owed by AbbVie, if any, under this Agreement.

7.11Accounting Procedures. For purposes of determining Development Costs and Allowable Expenses, any expense allocated by either Party to a particular expense category of Development Costs or Allowable Expenses shall not also be allocated to another category under Development Costs or Allowable Expenses. Each Party shall determine Development Costs and Allowable Expenses using its standard accounting procedures, consistently applied, to the maximum extent practicable as if the CD71 PDC or Licensed Product were a solely-owned product of the Party (provided that the application of such procedures results, in outcomes that are fair and equitable to both Parties taking into consideration the interests of both Parties as reflected in this Agreement) and in each case comply with the Accounting Standards. Each Party shall have the right to audit the other Party's records to confirm the accuracy of the other Party's costs and reports as provided in Section 7.16. Transfers between a Party and its Affiliates (or between such Affiliates) shall not have any effect for purposes of calculating Development Costs, Allowable Expenses, or other payments or expenses under this Agreement.

7.12Withholding Taxes. Where any sum due to be paid to either Party hereunder is subject to any withholding or similar tax, the Parties shall use their commercially reasonable efforts to do all such acts and things and to sign all such documents as will enable them to take advantage of any applicable double taxation agreement or treaty. In the event there is no applicable double taxation agreement or treaty, or if an applicable double taxation agreement or treaty reduces but does not eliminate such withholding or similar tax, the payor shall remit such withholding or similar tax to the appropriate government authority, deduct the amount paid from the amount due to payee and secure and send to payee the best available evidence of such withholding or similar tax. If withholding or similar taxes are paid to a government authority, each Party will provide the other such assistance as is reasonably required to obtain a refund of the withheld or similar taxes, or obtain a credit with respect to such taxes paid. In the event that a government authority retroactively determines that a payment made by a Party to the other pursuant to this Agreement should have been subject to withholding or similar (or to additional withholding or similar) taxes, and such Party (the "**Withholding Party**") remits such withholding or similar taxes to the government authority, the Withholding Party will have the right (a) to offset such amount, including any interest and penalties that may be imposed thereon (except to the extent any such interest or penalties result from the negligence of the Withholding Party), against future payment obligations of the Withholding Party under this

Agreement, (b) to invoice the other Party for such amount (which shall be payable by the other Party within [***] of its receipt of such invoice) or (c) to pursue reimbursement by any other available remedy.

7.13 Indirect Taxes. All payments are exclusive of value added taxes, sales taxes, consumption taxes and other similar taxes (the "**Indirect Taxes**"). If any Indirect Taxes are chargeable in respect of any payments, the paying Party shall pay such Indirect Taxes at the applicable rate in respect of such payments following receipt, where applicable, of an Indirect Taxes invoice in the appropriate form issued by the receiving Party in respect of those payments. The Parties shall issue invoices for all amounts payable under this Agreement consistent with Indirect Tax requirements and irrespective of whether the sums may be netted for settlement purposes. If the Indirect Taxes originally paid or otherwise borne by the paying Party are in whole or in part subsequently determined not to have been chargeable, all necessary steps will be taken by the receiving Party to receive a refund of these undue Indirect Taxes from the applicable governmental authority or other fiscal authority and any amount of undue Indirect Taxes repaid by such authority to the receiving Party will be transferred to the paying Party within [***] of receipt. In the event that a government authority retroactively determines that a payment made by the paying Party to the receiving Party pursuant to this Agreement should have been subject to Indirect Taxes, and the receiving Party is required to remit such Indirect Taxes to the government authority, the receiving Party will have the right (a) to invoice the paying Party for such amount (which shall be payable by the paying Party within [***] of its receipt of such invoice) or (b) to pursue reimbursement by any other available remedy.

7.14Interest on Late Payments. If any payment due to either Party under this Agreement is not paid when due, then such paying Party shall pay interest thereon (before and after any judgment) at an annual rate (but with interest accruing on a daily basis) of [***], such interest to run from the date on which payment of such sum became due until payment thereof in full together with such interest.

7.15Financial Records. Each Party shall, and shall cause its Affiliates to, keep complete and accurate books and records pertaining to Development Costs, Net Sales of Licensed Products and Net Profits and Net Losses with respect to the Co-Development Products (including Allowable Expenses), as applicable, and Development of the CD71 PDCs or Licensed Products, including books and records of actual expenditures with respect to the budgets set forth in each Plan, in sufficient detail to calculate all amounts payable hereunder and to verify compliance with its obligations under this Agreement. Such books and records shall be retained by such Party and its Affiliates until the later of (a) [***] after the end of the period to which such books and records pertain, and (b) the expiration of the applicable tax statute of limitations (or any extensions thereof), or for such longer period as may be required by Applicable Law.

7.16Audit. At the request of the other Party, each Party shall, and shall cause its Affiliates to, permit an independent public accounting firm of nationally recognized standing designated by the other Party and reasonably acceptable to the audited Party, at reasonable times during normal business hours and upon reasonable notice, to audit the books and records maintained pursuant to Section 7.15 to ensure the accuracy of all reports and payments made hereunder. Such examinations may not (a) be conducted for any Calendar Quarter more than [***] after the end of such quarter, (b) be conducted more than once in any [***] period (unless

a previous audit during such [***] period revealed an underpayment with respect to such period) or (c) be repeated for any Calendar Quarter. The accounting firm shall disclose to only whether the reports are correct or not, and the specific details concerning any discrepancies. No other Confidential Information of the audited Party shall be shared. Except as provided below, the cost of this audit shall be borne by the auditing Party, unless the audit reveals a variance of more than [***] from the reported amounts, in which case the audited Party shall bear the cost of the audit. Unless disputed pursuant to Section 7.17 below, if such audit concludes that (i) additional amounts were owed by the audited Party, the audited Party shall pay the additional amounts, with interest from the date originally due as provided in Section 7.14, or (ii) excess payments were made by the audited Party, the auditing Party shall reimburse such excess payments, in either case ((i) or (ii)), within [***] after the date on which such audit is completed by the auditing Party.

7.17Audit Dispute. In the event of a dispute with respect to any audit under Section 7.16, Licensor and AbbVie shall work in good faith to resolve the disagreement. If the Parties are unable to reach a mutually acceptable resolution of any such dispute within [***], the dispute shall be submitted for resolution to a certified public accounting firm jointly selected by each Party's certified public accountants or to such other Person as the Parties shall mutually agree (the "**Audit Arbitrator**"). The decision of the Audit Arbitrator shall be final and the costs of such arbitration as well as the initial audit shall be borne between the Parties in such manner as the Audit Arbitrator shall determine. Not later than [***] after such decision and in accordance with such decision, the audited Party shall pay the additional amounts, with interest from the date originally due as provided in Section 7.14, or the auditing Party shall reimburse the excess payments, as applicable.

7.18Confidentiality. The receiving Party shall treat all information subject to review under this ARTICLE 7 in accordance with the confidentiality provisions of ARTICLE 10 and the Parties shall cause the Audit Arbitrator to enter into a reasonably acceptable confidentiality agreement with the audited Party obligating such firm to retain all such financial information in confidence pursuant to such confidentiality agreement.

7.19Diagnostic or Veterinary Products. The development milestones, regulatory milestones, sales-based milestones and royalties in Sections 7.2, 7.3, 7.4, and 7.6 shall not apply to Development and Commercialization of CD71 PDCs or Licensed Products for diagnostic or veterinary use, or for uses solely for screening patients who have been diagnosed with a disease, state, or condition for eligibility to be treated for such disease, state, or condition with a CD71 PDC or Licensed Product or for monitoring patients who are or have been treated with a CD71 PDC or Licensed Product. In the event that a CD71 PDC or Licensed Product is Developed for any such purposes, the Parties shall negotiate a downward adjustment to royalties for the sale of such Licensed Product that reflects the commercial potential of such Licensed Product and standard commercial terms in the industry for diagnostic or veterinary products, as applicable.

7.20No Other Compensation. Each Party hereby agrees that the terms of this Agreement fully define all consideration, compensation and benefits, monetary or otherwise, to be paid, granted or delivered by one (1) Party to the other Party in connection with the transactions contemplated herein. Neither Party previously has paid or entered into any other

commitment to pay, whether orally or in writing, any of the other Party's employees, directly or indirectly, any consideration, compensation or benefits, monetary or otherwise, in connection with the transaction contemplated herein.

ARTICLE 8
INTELLECTUAL PROPERTY

8.1 Ownership of Intellectual Property; Prohibition on Filing Claims.

8.1.1Licensor Ownership. As between the Parties and regardless of inventorship, Licensor shall own all right, title and interest in and to any and all Licensor Background Patents, Licensor Background Know-How, Licensor Program Patents and Licensor Program Know-How.

8.1.2AbbVie Ownership. As between the Parties and regardless of inventorship, AbbVie or an Affiliate designated by AbbVie shall own and retain all right, title, and interest in and to any and all AbbVie Background Patents, AbbVie Background Know-How, AbbVie Program Patents and AbbVie Program Know-How.

8.1.3Ownership of Joint Program Patents and Joint Program Know-How. Subject to Sections 3.10.1 and 3.10.2(b), as between the Parties and regardless of inventorship the Parties shall each own an equal, undivided interest in any and all Joint Program Patents and Joint Program Know How. Within [***], each Party shall disclose to the other Party in writing, and shall cause its Affiliates, its licensees and sublicensees to so disclose, the development, making, conception or reduction to practice of any Joint Program Know-How or Joint Program Patents. Subject to the licenses and rights of reference granted under Sections 5.1 and 5.2 and the Parties' respective exclusivity obligations hereunder, each Party shall have the right to Exploit the Joint Intellectual Property Rights without a duty of seeking consent or accounting to the other Party.

8.1.4United States Law. The determination of whether Information and inventions are conceived, discovered, developed, or otherwise made by a Party for the purpose of allocating proprietary rights (including Patent, copyright or other intellectual property rights) therein, shall, for purposes of this Agreement, be made in accordance with Applicable Law in the United States as such law exists as of the Effective Date irrespective of where such conception, discovery, development or making occurs.

8.1.5CD71 Patent Claims. During the Term, unless otherwise requested by AbbVie, Licensor shall not, and shall cause its Affiliates to not, file or amend any Patent claims anywhere in the Territory that are directed to CD71 PDCs.

8.1.6Assignment Obligation.

(a) Each Party shall cause all Persons who perform activities for such Party under this Agreement to be under an obligation to assign (or, if such Party is unable to cause such Person to agree to such assignment obligation despite such Party using commercially reasonable efforts to negotiate such assignment obligation, provide a license under) their rights in any Information and inventions resulting therefrom to such Party, except where Applicable Law requires otherwise and except in the case of governmental, not-for-profit

and public institutions which have standard policies against such an assignment (in which case a suitable license, or right to obtain such a license, shall be obtained).

(b) AbbVie will promptly disclose to Licensor in writing, the conception, discovery, development or making of any Licensor Program Know-How or Licensor Program Patents by Persons who perform activities for AbbVie under this Agreement. AbbVie, for itself and on behalf of its Affiliates, hereby assigns (and to the extent such assignment can only be made in the future hereby agrees to assign), to Licensor all its right, title and interest in and to any Licensor Program Know-How and its right, title and interest in and to Licensor Program Patents. AbbVie will execute and record assignments and other necessary documents consistent with such ownership.

(c) Licensor will promptly disclose to AbbVie in writing, the conception, discovery, development or making of any AbbVie Program Know-How or AbbVie Program Patents by Persons who perform activities for Licensor under this Agreement. Licensor, for itself and on behalf of its Affiliates, hereby assigns (and to the extent such assignment can only be made in the future hereby agrees to assign), to AbbVie all its right, title and interest in and to any AbbVie Program Know-How and its right, title and interest in and to AbbVie Program Patents. Licensor will execute and record assignments and other necessary documents consistent with such ownership.

(d) Each Party will promptly disclose to the other Party in writing, the conception, discovery, development or making of any Joint Program Know-How or Joint Program Patents by Persons who perform activities for it under this Agreement. Each Party, for itself and on behalf of its Affiliates, hereby assigns (and to the extent such assignment can only be made in the future hereby agrees to assign), to the other Party such right, title and interest in and to any Joint Program Know-How and Joint Program Patents as is necessary to achieve the joint ownership set forth in Section 8.1.3. Each party will execute and record assignments and other necessary documents consistent with such ownership.

(e) The foregoing assignment obligations are subject to any requirements to assign [***] (as defined in [***]) to [***] under [***]. Licensor shall, and shall cause its Affiliates to, make such assignments to [***] with respect to the Licensor Program Patents, Licensor Program Know-How, Joint Program Patents and Joint Program Know-How as are necessary to comply with the obligations under [***].

8.1.7Ownership of Corporate Names. As between the Parties, Licensor shall retain all right, title and interest in and to its Corporate Names.

8.2Maintenance and Prosecution of Patents.

8.2.1Patent Cooperation. During the term of the Agreement, a patent attorney or agent (the "Patent Representatives") from each of Licensor and AbbVie, shall meet regularly, in person or by teleconference, to coordinate and discuss Patent filings, prosecution and maintenance of the CD71 Probody Patents, Licensor Program Patents, AbbVie Program Patents, and Joint Program Patents. Each Party's Patent Representative also may include such Party's outside patent counsel in any such meeting. The Patent Representatives shall review and coordinate responsibilities and obligations in connection with Patents arising from the

performance of the activities under this Agreement by either Party or jointly by the Parties, their Affiliates or, in each such case, Third Parties acting on their behalf. The Patent Representatives may attend JRC quarterly meetings (as mutually agreed by the Parties). The Patent Representatives shall have no decision making authority, and shall serve primarily as a forum for communication and coordination of activities between the Parties with respect to the matters described in this Section 8.2.

8.2.2Patent Prosecution and Maintenance of Licensor Background Patents. Except as provided in Section 8.2.4 with respect to CD71 Probody Patents, Licensor shall have the sole right, but not the obligation, through the use of internal or outside counsel, to prepare, file, prosecute, and maintain the Licensor Background Patents worldwide, at Licensor's sole cost and expense. Licensor shall keep AbbVie informed regarding each Licensor Background Patent that Licensor is prosecuting, and shall provide copies to AbbVie of all material communications from any patent office, and copies of all material correspondence sent to such patent offices by or on behalf of Licensor.

8.2.3Patent Prosecution and Maintenance of Licensor Program Patents. In consultation with AbbVie and subject to the obligations under [***] and subject to Section 8.2.4 with respect to the CD71 Probody Patents, Licensor shall have the right, but not the obligation, through the use of internal or outside counsel, to prepare, file, prosecute, and maintain the Licensor Program Patents worldwide, at Licensor's sole cost and expense (except to the extent any such cost or expense constitutes a Development Cost or an Allowable Expense). Licensor shall keep AbbVie fully informed of all steps with regard to the preparation, filing, prosecution, and maintenance of Licensor Program Patents, including by providing AbbVie with a copy of material communications to and from any patent authority in the Territory regarding such Licensor Program Patents, and by providing AbbVie drafts of any material filings or responses to be made to such patent authorities in the Territory sufficiently in advance of submitting such filings or responses so as to allow for a reasonable opportunity for AbbVie to review and comment thereon. Licensor shall consider in good faith the requests and suggestions of AbbVie with respect to such Licensor drafts and with respect to strategies for filing and prosecuting the Licensor Program Patents in the Territory. Notwithstanding the foregoing, Licensor shall promptly inform AbbVie of any adversarial patent office proceeding or sua sponte filing, including a request for, or filing or declaration of, any interference, opposition, or reexamination relating to any Licensor Program Patent in the Territory. The Parties shall thereafter consult and cooperate to determine a course of action with respect to any such proceeding in the Territory relating to a CD71 Probody and Licensor shall consider in good faith all comments, requests and suggestions provided by AbbVie.

8.2.4Patent Prosecution and Maintenance of CD71 Probody Patents. Subject to the obligations under [***], Licensor shall have the right, but not the obligation, in consultation with AbbVie, through the use of internal or outside counsel, to prepare, file, prosecute, and maintain the CD71 Probody Patents worldwide, at Licensor's sole cost and expense (except to the extent any such cost or expense constitutes a Development Cost or an Allowable Expense). Licensor shall keep AbbVie fully informed of all steps with regard to the preparation, filing, prosecution, and maintenance of CD71 Probody Patents , including by providing AbbVie with a copy of material communications to and from any patent authority in

the Territory regarding such CD71 Probody Patents, and by providing AbbVie drafts of any material filings or responses to be made to such patent authorities in the Territory sufficiently in advance of submitting such filings or responses so as to allow for a reasonable opportunity for AbbVie to review and comment thereon. Licensor shall consider AbbVie's suggestions as to prosecution of such CD71 Probody Patents in individual countries or territories in the Territory in good faith, but Licensor shall, subject to AbbVie's rights under Section 8.2.5, have the final decision with regard to selection of such countries or territories. Licensor shall consider in good faith the requests and suggestions of AbbVie with respect to such Licensor drafts and with respect to strategies for filing and prosecuting the CD71 Probody Patents in the Territory. Notwithstanding the foregoing, Licensor shall promptly inform AbbVie of any adversarial patent office proceeding or sua sponte filing, including a request for, or filing or declaration of, any interference, opposition, or reexamination relating to a CD71 Probody Patent in the Territory. The Parties shall thereafter consult and cooperate to determine a course of action with respect to any such proceeding in the Territory relating to a CD71 Probody and Licensor shall consider in good faith all comments, requests and suggestions provided by AbbVie.

8.2.5Additional AbbVie Patent Prosecution and Maintenance Rights for CD71 Probody Patents. Licensor shall not initiate any such adversarial patent office proceeding for a CD71 Probody Patent without first consulting AbbVie. In the event that Licensor decides not to prepare, file, prosecute, or maintain a CD71 Probody Patent in any country or jurisdiction, Licensor shall provide reasonable prior written notice to AbbVie of such intention (which notice shall, in any event, be given no later than [***] prior to the next deadline for any action that may be taken with respect to such CD71 Probody Patent in such country or other jurisdiction), AbbVie shall thereupon have the option, in its sole discretion, to assume the control and direction of the preparation, filing, prosecution, and maintenance of such CD71 Probody Patent at its expense in such country or other jurisdiction (except to the extent any such cost or expense constitutes a Development Cost or an Allowable Expense); *provided*, that AbbVie shall have the right to offset up to [***] of such expense borne by AbbVie (and not included as a Development Cost or an Allowable Expense) against any amounts owed to Licensor under this Agreement in a given Calendar Quarter with any balance then remaining to be carried over to subsequent Calendar Quarters. Upon AbbVie's written acceptance of such option, all right and title to such CD71 Probody Patent in such country or other jurisdiction shall be transferred to AbbVie. In such event, Licensor shall promptly provide AbbVie with the appropriate documents for transfer of ownership of such CD71 Probody Patent in such country or other jurisdiction, AbbVie shall promptly execute all such documents and, effective upon AbbVie's written acceptance of such option, such CD71 Probody Patent in such country or other jurisdiction shall no longer be a Licensor Background Patent or Licensor Program Patent (as applicable) hereunder. Notwithstanding the foregoing transfer of ownership, Licensor shall reasonably cooperate with AbbVie in such country or other jurisdiction as provided under Section 8.2.7.

8.2.6Patent Prosecution and Maintenance of AbbVie Background Patents and AbbVie Program Patents and Joint Program Patents. AbbVie shall have the right, but not the obligation, to prepare, file, prosecute, and maintain the AbbVie Background Patents, AbbVie Program Patents and the Joint Program Patents worldwide, at AbbVie's sole cost and expense (except to the extent any such cost or expense constitutes a Development Cost

or an Allowable Expense). AbbVie shall keep Licensor fully informed of all steps with regard to the preparation, filing, prosecution, and maintenance of Joint Program Patents and AbbVie Program Patents, including by providing Licensor with a copy of material communications to and from any patent authority in the Territory regarding such Joint Program Patents and AbbVie Program Patents, and by providing Licensor drafts of any material filings or responses to be made to such patent authorities in the Territory sufficiently in advance of submitting such filings or responses so as to allow for a reasonable opportunity for Licensor to review and comment thereon. AbbVie shall consider in good faith the requests and suggestions of Licensor with respect to such AbbVie drafts and with respect to strategies for filing and prosecuting the Joint Program Patents and AbbVie Program Patents in the Territory. In the event that AbbVie decides not to prepare, file, prosecute, or maintain a Joint Program Patent in a country or other jurisdiction in the Territory, AbbVie shall provide reasonable prior written notice to Licensor of such intention (which notice shall, in any event, be given no later than [***] prior to the next deadline for any action that may be taken with respect to such Joint Program Patent in such country or other jurisdiction), and Licensor shall thereupon have the option, in its sole discretion, to assume the control and direction of the preparation, filing, prosecution, and maintenance of such Joint Program Patent at its expense in such country or other jurisdiction. Upon Licensor's written acceptance of such option, Licensor shall assume the responsibility and control for the preparation, filing, prosecution, and maintenance of such specific Joint Program Patent; *provided*, that Licensor shall have the right to offset up to [***] of such expense borne by Licensor (and not included as a Development Cost or an Allowable Expense) against any amounts owed to AbbVie under this Agreement in a given Calendar Quarter with any balance then remaining to be carried over to subsequent Calendar Quarters. In such event, AbbVie shall reasonably cooperate with Licensor in such country or other jurisdiction as provided under Section 8.2.7. Notwithstanding the foregoing, AbbVie shall promptly inform Licensor of any adversarial patent office proceeding or sua sponte filing, including a request for, or filing or declaration of, any interference, opposition, or reexamination relating to any Joint Program Patents and AbbVie Program Patents in the Territory. The Parties shall thereafter consult and cooperate to determine a course of action with respect to any such proceeding in the Territory relating to a CD71 Probody, and AbbVie shall consider in good faith all comments, requests and suggestions provided by Licensor.

8.2.7Cooperation. The Parties agree to cooperate fully in the preparation, filing, prosecution, and maintenance of the Licensor Background Patents, Licensor Program Patents, AbbVie Background Patents, AbbVie Program Patents **,** and Joint Program Patents in the Territory under this Agreement. Cooperation shall include:

(a) without limiting any other rights and obligations of the Parties under this Agreement, cooperating with respect to the timing, scope and filing of such Patents to preserve and enhance the patent protection for CD71 PDCs and Licensed Products, including the manufacture and use thereof;

(b) executing all papers and instruments, or requiring its employees or contractors to execute such papers and instruments, so as to (i) effectuate the ownership of intellectual property set forth in Section 8.1.1, 8.1.2 and 8.1.3; (ii) enable the other Party to apply for and to prosecute Patent applications in the Territory; and (iii) obtain and

maintain any Patent extensions, supplementary protection certificates, and the like with respect to the Licensor Background Patents, Licensor Program Patents, AbbVie Program Patents, and Joint Program Patents in the Territory, in each case ((i), (ii), and (iii)) to the extent provided for in this Agreement;

(c) consistent with this Agreement, assisting in any license registration processes with applicable governmental authorities that may be available in the Territory for the protection of a Party's interests in this Agreement; and

(d) promptly informing the other Party of any matters coming to such Party's attention that may materially affect the preparation, filing, prosecution, or maintenance of any such Patents in the Territory.

8.2.8Patent Term Extension and Supplementary Protection Certificate. The JCC (if it has been formed) shall be responsible for making decisions regarding patent term extensions, including supplementary protection certificates and any other extensions that are now or become available in the future, wherever applicable, for CD71 Probody Patents, AbbVie Background Patents, AbbVie Program Patents and Joint Program Patents, in each case as they pertain to Licensed Products, in any country or other jurisdiction. If the JCC cannot determine which Patents should be subject to extension or if the JCC has not been formed, AbbVie shall be responsible for making such decision and shall have the responsibility of applying for any extension or supplementary protection certificate with respect to such Patents in the Territory. AbbVie shall keep Licensor fully informed of its efforts to obtain such extension or supplementary protection certificate. Licensor shall provide prompt and reasonable assistance, as requested by AbbVie, including by taking such action as patent holder as is required under any Applicable Law to obtain such patent extension or supplementary protection certificate. AbbVie shall pay all expenses in regard to obtaining the extension or supplementary protection certificate in the Territory (except to the extent any such expense constitutes a Development Cost or an Allowable Expense).

8.2.9Patent Listings.

(a) AbbVie shall have the sole right to make all filings with Regulatory Authorities in the Territory with respect to CD71 Probody Patents, AbbVie Background Patents, AbbVie Program Patents and Joint Program Patents, including as required or allowed (i) in the United States, in the FDA's Orange Book if in the future legislation employs the Orange Book for biologics, or its alternative, and (ii) outside the United States, under the national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83 or other international equivalents. Licensor shall (A) provide to AbbVie all Information, including a correct and complete list of CD71 Probody Patents covering any Licensed Product or otherwise necessary or reasonably useful to enable AbbVie to make such filings with Regulatory Authorities in the Territory with respect to such Patents, and (B) cooperate with AbbVie's reasonable requests in connection therewith, including meeting any submission deadlines, in each case ((A) and (B)), to the extent required or permitted by Applicable Law.

(b) The Parties will negotiate in good faith regarding filings with Regulatory Authorities in the Territory with respect to Licensor Background Patents and Licensor Program Patents (other than the CD71 Probody Patents, which are covered by Section

8.2.9), including as required or allowed (i) in the United States, in the FDA's Orange Book if in the future legislation employs the Orange Book for biologics, or its alternative, and (ii) outside the United States, under the national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83 or other international equivalents.

8.3 Enforcement of Patents.

8.3.1 Enforcement of Licensor Background Patents and Licensor Program Patents.

(a) Each Party shall promptly notify the other Party in writing of any alleged or threatened infringement of the Licensor Background Patents in respect of a Competing Product or Licensor Program Patents (regardless of whether or not related to a Competing Product) by a Third Party in the Territory and in each case of which such Party becomes aware (including alleged or threatened infringement based on the development, commercialization, or an application to market a product containing a CD71 PDC or any Licensed Product in the Territory (the "**Product Infringement**")).

(b) With respect to any Product Infringement in the Territory, AbbVie shall have the first right, but not the obligation, to prosecute any Product Infringement in the Territory involving a CD71 Probody Patent or Licensor Program Patent (the "**AbbVie Prosecuted Infringements**") and AbbVie shall retain control of the prosecution of such claim, suit or proceeding. In the event AbbVie prosecutes any AbbVie Prosecuted Infringement, Licensor shall have the right to join as a party to such claim, suit, or proceeding in the Territory and participate with its own counsel at its own expense; *provided* that AbbVie shall retain control of the prosecution of such claim, suit, or proceeding. During any such claim, suit, or proceeding, AbbVie shall: (i) provide Licensor with drafts of all official papers and statements (whether written or oral) prior to their submission in such claim, suit, or proceeding, in sufficient time to allow Licensor to review, consider and substantively comment thereon; (ii) allow Licensor the opportunity to participate in the preparation of witnesses and other participants in such claim, suit, or proceeding at its own expense; and (iii) not settle any such claim, suit, or proceeding except in a manner that it believes in good faith is in the best interests of the CD71 PDCs or Licensed Products. If AbbVie does not take commercially reasonable steps to prosecute an AbbVie Prosecuted Infringement (A) within [***] following the first notice provided above with respect to the AbbVie Prosecuted Infringement, or (B) provided such date occurs after the first such notice of the AbbVie Prosecuted Infringement is provided, [***] before the time limit, if any, set forth in appropriate laws and regulations for filing of such actions, whichever comes first, then Licensor may prosecute the AbbVie Prosecuted Infringement at its own expense.

(c) Subject to the obligations under [***], with respect to any Product Infringement in the Territory, Licensor shall have the first right, but not the obligation, to prosecute any Product Infringement in the Territory involving any Licensor Background Patents that is not a CD71 Probody Patent (the "**Licensor Prosecuted Infringements**") at its sole expense (except to the extent any such expense constitutes a Development Cost or an Allowable Expense) and Licensor shall retain control of the prosecution of such claim, suit or proceeding. In the event Licensor prosecutes any Licensor Prosecuted

Infringement, AbbVie shall have the right to join as a party to such claim, suit, or proceeding in the Territory and participate with its own counsel at its own expense; *provided* that Licensor shall retain control of the prosecution of such claim, suit, or proceeding. During any such claim, suit, or proceeding, Licensor shall: (i) provide AbbVie with drafts of all official papers and statements (whether written or oral) prior to their submission in such claim, suit, or proceeding, in sufficient time to allow AbbVie to review, consider and substantively comment thereon; (ii) allow AbbVie the opportunity to participate in the preparation of witnesses and other participants in such claim, suit, or proceeding at its own expense; and (iii) not settle any such claim, suit, or proceeding except in a manner that it believes in good faith is in the best interests of the CD71 PDCs or Licensed Products. If Licensor does not take commercially reasonable steps to prosecute a Licensor Prosecuted Infringement (A) within [***] following the first notice provided above with respect to the Licensor Prosecuted Infringement, or (B) provided such date occurs after the first such notice of the Licensor Prosecuted Infringement is provided, [***] before the time limit, if any, set forth in appropriate laws and regulations for filing of such actions, whichever comes first, then AbbVie may prosecute the Licensor Prosecuted Infringement at its own expense.

8.3.2Enforcement of AbbVie Background Patents, AbbVie Program Patents and Joint Program Patents.

(a) Each Party shall promptly notify the other Party in writing of any alleged or threatened infringement of the AbbVie Background Patents, AbbVie Program Patents or the Joint Program Patents by a Third Party in the Territory and of which such Party becomes aware (including alleged or threatened infringement based on the development, commercialization, or an application to market a product containing a CD71 PDC or any Licensed Product in the Territory).

(b) AbbVie shall have the sole right, but not the obligation, to prosecute any infringement of the type set forth in Section 8.3.2(a) in the Territory involving any AbbVie Background Patents and AbbVie Program Patents in the Territory at its sole expense (except to the extent any such expense constitutes a Development Cost or an Allowable Expense) and AbbVie shall retain control of the prosecution of such claim, suit or proceeding. During any such claim, suit, or proceeding, to enforce any AbbVie Program Patents, AbbVie shall: (i) provide Licensor with drafts of all official papers and statements (whether written or oral) prior to their submission in such claim, suit, or proceeding, in sufficient time to allow Licensor to review, consider and substantively comment thereon; (ii) allow Licensor the opportunity to participate in the preparation of witnesses and other participants in such claim, suit, or proceeding at its own expense; and (iii) not settle any such claim, suit, or proceeding except in a manner that it believes in good faith is in the best interests of the CD71 PDCs or Licensed Products.

(c) AbbVie shall have the first right, but not the obligation, to prosecute any such infringement of Joint Program Patents in the Territory at its sole expense (except to the extent any such expense constitutes a Development Cost or an Allowable Expense) and AbbVie shall retain control of the prosecution of such claim, suit or proceeding. In the event AbbVie prosecutes any such infringement, Licensor shall have the right to join as a party to such claim, suit or proceeding in the Territory and participate with its own

counsel at its own expense; *provided* that AbbVie shall retain control of the prosecution of such claim, suit or proceeding. If AbbVie does not take commercially reasonable steps to prosecute the alleged or threatened infringement in the Territory with respect to such Joint Program Patents (a) within [***] following the first notice provided above with respect to such alleged infringement, or (b) provided such date occurs after the first such notice of infringement is provided, [***] before the time limit, if any, set forth in appropriate laws and regulations for filing of such actions, whichever comes first, then Licensor may prosecute the alleged or threatened infringement in the Territory at its own expense.

8.3.3Patent Exclusivity Listings. If either Party receives a copy of an application submitted to the FDA under subsection (k) of Section 351 of the PHSA (a "**Biosimilar Application**") naming a Licensed Product as a reference product or otherwise becomes aware that such a Biosimilar Application has been filed (such as in an instance described in Section 351(l)(9)(C) of the PHSA), either Party shall, within [***], notify the other Party so that the other Party may seek permission to view the application and related confidential information from the filer of the Biosimilar Application under Section 351(l)(1)(B)(iii) of the PHSA. If either Party receives any equivalent or similar certification or notice in any other jurisdiction in the Territory, either Party shall, within [***], notify and provide the other Party with copies of such communication. Regardless of the Party that is the "reference product sponsor" for purposes of such Biosimilar Application, (a) AbbVie shall have the sole right to designate pursuant to Section 351(l)(1)(B)(ii) of the PHSA the outside counsel and in-house counsel who shall receive confidential access to the Biosimilar Application; (b) AbbVie shall have the sole right to list any AbbVie Background Patent, AbbVie Program Patent, Joint Program Patents and CD71 Probody Patents (and, with the agreement of Licensor, any other Licensor Background Patents or Licensor Program Patents), insofar as they claim or cover the applicable Licensed Product as required pursuant to Section 351(l)(3)(A), Section 351(l)(5)(b)(i)(II), or Section 351(l)(7) of the PHSA, to respond to any communications with respect to such lists from the filer of the Biosimilar Application, and to negotiate with the filer of the Biosimilar Application as to whether to utilize a different mechanism for information exchange than that specified in Section 351(l) of the PHSA; and (c) AbbVie shall have the sole right to identify Patents or respond to communications under any equivalent or similar listing in any other jurisdiction in the Territory. If required pursuant to Applicable Law, Licensor shall prepare such lists and make such responses at AbbVie's direction. Licensor shall (i) provide to AbbVie, within [***] of AbbVie's request, all Information, including a correct and complete list of Licensor Background Patents or Licensor Program Patents covering any Licensed Product, that is necessary or reasonably useful to enable AbbVie to make such lists and communications with respect to the Licensor Background Patents or Licensor Program Patents, and (ii) cooperate with AbbVie's reasonable requests in connection therewith, including meeting any submission deadlines, in each case, to the extent required or permitted by Applicable Law. AbbVie shall (A) reasonably consult with Licensor prior to identifying any Licensor Background Patents or Licensor Program Patents to a Third Party as contemplated by this Section 8.3.3 and shall consider in good faith Licensor's advice and suggestions with respect thereto, and (B) notify Licensor of any such lists or communications promptly after they are made.

8.3.4Conduct of Patent Litigation Under the Biologics Price Competition and Innovation Act. Notwithstanding anything to the contrary in this Section 8.3,

AbbVie shall have the first right to bring an action for infringement of the CD71 Probody Patents, Licensor Program Patents, AbbVie Background Patents, AbbVie Program Patents or Joint Program Patents as required under Section 351(l)(6) of the PHSA following the agreement on a list of patents for litigation under Section 351(l)(4) or exchange of Patent lists pursuant to Section 351(l)(5)(B) of such act, or as required following any equivalent or similar certification or notice in any other jurisdiction. The Parties' rights and obligations with respect to the foregoing legal actions shall be as set forth in Sections 8.3.1 through 8.3.5; *provided*, that within [***] of reaching agreement on a list of Patents for litigation under Section 351(l)(4) or exchange of Patent lists pursuant to Section 351(l)(5)(B), AbbVie shall notify Licensor as to whether or not it elects to prosecute such infringement. Either Party shall, within [***], notify and provide the other Party with copies of any notice of commercial marketing provided by the filer of a Biosimilar Application pursuant to Section 351(l)(8)(A) of the PHSA, or any equivalent or similar certification or notice in any other jurisdiction. Thereafter, the Party controlling any Patent infringement litigation pursuant to this Section 8.3.4 shall have the first right to seek an injunction against such commercial marketing as permitted pursuant to Section 351(l)(8)(B) of the PHSA. If no such litigation is ongoing at the time of such notice, then AbbVie shall have the first right to seek such an injunction.

8.3.5Cooperation. The Parties agree to cooperate fully in any infringement action pursuant to this Section 8.3. Where a Party brings such an action, the other Party shall, where necessary, furnish a power of attorney solely for such purpose or shall join in, or be named as a necessary party to, such action. Unless otherwise set forth herein, the Party entitled to bring any patent infringement litigation in accordance with this Section 8.3 shall have the right to settle such claim; *provided* that neither Party shall have the right to settle any patent infringement litigation under this Section 8.3 in a manner that diminishes or has a material adverse effect on the rights or interest of the other Party, or in a manner that imposes any costs or liability on, or involves any admission by, the other Party, without the express written consent of such other Party. The Party commencing the litigation shall provide the other Party with copies of all pleadings and other documents filed with the court and shall consider reasonable input from the other Party during the course of the proceedings.

8.3.6Recovery. Except as otherwise agreed by the Parties in connection with a cost sharing arrangement, any recovery realized as a result of such litigation described in Section 8.3.1, 8.3.2, or 8.3.4 (whether by way of settlement or otherwise) shall be first, allocated to reimburse the Parties for their costs and expenses in making such recovery (which amounts shall be allocated pro rata if insufficient to cover the totality of such expenses). [***].

8.3.7Costs and Expenses. AbbVie shall be entitled to deduct [***] of the reasonable out-of-pocket costs borne by AbbVie in connection with such litigation in a given Calendar Quarter (and not included as a Development Cost or an Allowable Expense) from any amounts due to Licensor under this Agreement for such Calendar Quarter, with any balance then remaining to be carried over to subsequent Calendar Quarters and applied against any amounts due with respect to such subsequent Calendar Quarters.

8.4Infringement Claims by Third Parties. If the manufacture, sale, or use of a CD71 PDC or Licensed Product in the Territory pursuant to this Agreement results in, or

may result in, any claim, suit, or proceeding by a Third Party alleging patent infringement by AbbVie (or its Affiliates or Sublicensees), AbbVie shall promptly notify Licensor thereof in writing. AbbVie shall have the first right, but not the obligation, to defend and control the defense of any such claim, suit, or proceeding at its own expense (but subject to deduction as provided below) (and except to the extent any such expense constitutes a Development Cost or an Allowable Expense), using counsel of its own choice. Licensor may participate in any such claim, suit, or proceeding with counsel of its choice at its own expense. Without limitation of the foregoing, if AbbVie finds it necessary or desirable to join Licensor as a party to any such action, Licensor shall execute all papers and perform such acts as shall be reasonably required, provided that AbbVie reimburses any out-of-pocket costs incurred by Licensor as a result. If AbbVie elects (in a written communication submitted to Licensor within a reasonable amount of time after notice of the alleged patent infringement) not to defend or control the defense of, or otherwise fails to initiate and maintain the defense of, any such claim, suit, or proceeding, within such time periods so that Licensor is not prejudiced by any delays, Licensor may conduct and control the defense of any such claim, suit, or proceeding at its own expense. Each Party shall keep the other Party reasonably informed of all material developments in connection with any such claim, suit, or proceeding. [***]

8.5Invalidity or Unenforceability Defenses or Actions.

8.5.1Notice. Each Party shall promptly notify the other Party in writing of any alleged or threatened assertion of invalidity or unenforceability of any of the Licensor Background Patents, Licensor Program Patents, AbbVie Background Patents, AbbVie Program Patents or Joint Program Patents by a Third Party, in each case in the Territory and of which such Party becomes aware.

8.5.2CD71 Probody Patents, Licensor Program Patents and Licensor Background Patents.

(a) AbbVie shall have the first right, but not the obligation, to defend and control the defense of the validity and enforceability of any CD71 Probody Patents at its own expense (except to the extent any such expense constitutes a Development Cost or an Allowable Expense) in the Territory. Licensor may participate in any such claim, suit, or proceeding in the Territory with counsel of its choice at its own expense; *provided* that AbbVie shall retain control of the defense in such claim, suit, or proceeding. During any such claim, suit, or proceeding, AbbVie shall: (i) provide Licensor with drafts of all official papers and statements (whether written or oral) prior to their submission in such claim, suit, or proceeding, in sufficient time to allow Licensor to review, consider and substantively comment thereon; (ii) allow Licensor the opportunity to participate in the preparation of witnesses and other participants in such claim, suit, or proceeding; and (iii) not settle any such defense in any manner that would adversely affect a CD71 Probody Patent. If AbbVie elects not to defend or control the defense of the CD71 Probody Patents in a suit brought in the Territory, or otherwise fails to initiate and maintain the defense of any such claim, suit, or proceeding, then Licensor may conduct and control the defense of any such claim, suit, or proceeding at its own expense (except to the extent any such expense constitutes a Development Cost or an Allowable Expense).

(b) Licensor shall have the first right, but not the obligation, to defend and control the defense of the validity and enforceability of the Licensor Background Patents and, subject to the obligations under [***], the Licensor Program Patents other than the CD71 Probody Patents at its own expense (except to the extent any such expense constitutes an a Development Cost or Allowable Expense) in the Territory.

8.5.3AbbVie Background Patents, AbbVie Program Patents and Joint Program Patents.

(a) AbbVie shall have the sole right, but not the obligation, to defend and control the defense of the validity and enforceability of the AbbVie Background Patents and AbbVie Program Patents at its own expense (except to the extent such expense constitutes a Development Cost or an Allowable Expense) in the Territory.

(b) AbbVie shall have the first right, but not the obligation, to defend and control the defense of the validity and enforceability of the Joint Program Patents at its own expense (except to the extent such expense constitutes a Development Cost or an Allowable Expense) in the Territory. Licensor may participate in any such claim, suit, or proceeding in the Territory related to the Joint Program Patents with counsel of its choice at its own expense; *provided* that AbbVie shall retain control of the defense in such claim, suit, or proceeding. If AbbVie elects not to defend or control the defense of the Joint Program Patents in a suit brought in the Territory, or otherwise fails to initiate and maintain the defense of any such claim, suit, or proceeding, then Licensor may conduct and control the defense of any such claim, suit, or proceeding, at its own expense; *provided*, that Licensor shall obtain the written consent of AbbVie prior to settling or compromising such defense.

8.5.4Cooperation. Each Party shall assist and cooperate with the other Party as such other Party may reasonably request from time to time in connection with its activities set forth in this Section 8.5, including by being joined as a party plaintiff in such action or proceeding, providing access to relevant documents and other evidence, and making its employees available at reasonable business hours. In connection with any such defense or claim or counterclaim, the controlling Party shall consider in good faith any comments from the other Party and shall keep the other Party reasonably informed of any steps taken, and shall provide copies of all documents filed, in connection with such defense, claim, or counterclaim. In connection with the activities set forth in this Section 8.5, each Party shall consult with the other as to the strategy for the defense of the CD71 Probody Patents, Licensor Program Patents, AbbVie Program Patents and Joint Program Patents.

8.5.5Costs and Expenses AbbVie shall be entitled to offset up to [***] of the reasonable out-of-pocket costs of defending such claim, suit, or proceeding under this Section 8.5 that are borne by AbbVie and not included as a Development Cost or an Allowable Expense in a given Calendar Quarter against any amounts owed to Licensor under this Agreement for such Calendar Quarter, with any balance then remaining to be carried over to amounts due with respect to such subsequent Calendar Quarters.

8.6Third Party Licenses. If in the reasonable opinion of AbbVie, the Development, Manufacture, or Commercialization of any CD71 PDC or Licensed Product by AbbVie, any of its Affiliates, or any of its or their Sublicensees infringes or misappropriates any

Patent, trade secret, or other intellectual property right of a Third Party in any country or other jurisdiction in the Territory, such that AbbVie, any of its Affiliates or any of its or their Sublicensees cannot Develop, Manufacture, or Commercialize such CD71 PDC or Licensed Product in such country or other jurisdiction without infringing such Patent, trade secret, or other intellectual property right of such Third Party, then AbbVie shall provide notice of such potential infringement or misappropriation, and the Parties agree to meet within [***] after such notice to determine whether a license to such Third Party intellectual property is necessary, and, if the Parties agree a license is necessary, which Party should obtain a license to such Third Party intellectual property; provided, however that if the Parties cannot agree as to either the necessity of such a license or as to which Party should seek such license in such meeting, then (i) if such Patent, trade secret or other intellectual property right covers or is necessary to Exploit other Probodies in addition to CD71 Probodies, then Licensor shall have the right for a period of [***] following the date of such meeting between the Parties to negotiate a license for such intellectual property, which license shall include the right of Licensor to sublicense such intellectual property to AbbVie; provided if Licensor is not able to obtain such license within such [***] period, then AbbVie shall have the sole right to obtain such license to Develop, Manufacture, and Commercialize CD71 PDCs and Licensed Products; and (b) otherwise, AbbVie shall have the sole right, but not the obligation, to negotiate and obtain a license from such Third Party as necessary for AbbVie and its Affiliates, and its and their Sublicensees to Develop, Manufacture, and Commercialize CD71 PDCs and Licensed Products in such country or other jurisdiction, and any amounts due under such Third Party license shall be allocated in accordance with Section 7.6.4(b).

8.7 Product Trademarks.

8.7.1 Ownership and Prosecution of Product Trademarks. AbbVie shall own all right, title, and interest to the Product Trademarks in the Territory, and shall be responsible for the registration, prosecution, and maintenance thereof. All costs and expenses of registering, prosecuting, and maintaining the Product Trademarks shall be borne solely by AbbVie (except to the extent such costs and expenses constitute an Allowable Expense). Licensor shall provide all assistance and documents reasonably requested by AbbVie in support of its prosecution, registration, and maintenance of the Product Trademarks.

8.7.2 Enforcement of Product Trademarks. AbbVie shall have the sole right and responsibility for taking such action as AbbVie, after consultation with Licensor, deems necessary against a Third Party based on any alleged, threatened, or actual infringement, dilution, misappropriation, or other violation of, or unfair trade practices or any other like offense relating to, the Product Trademarks by a Third Party in the Territory. AbbVie shall bear the costs and expenses relating to any enforcement action commenced pursuant to this Section 8.7.2 and any settlements and judgments with respect thereto (except to the extent such costs and expenses constitute an Allowable Expense), and shall retain any damages or other amounts collected in connection therewith.

8.7.3 Unless otherwise agreed to by the Parties, all Promotional Materials relating to a Co-Promotion Product in the Field in the Co-Promotion Territory shall display the applicable Product Trademark(s) and no other product-specific trademarks or branding. Unless otherwise agreed by the Parties, all packaging materials, labels, sales,

promotion, market access and advertising materials relating to a Co-Promotion Product in the Co-Promotion Territory shall display the Corporate Names of AbbVie and Licensor in equal size and prominence, to the extent permitted by applicable Law (in each case, as approved by the JCC). The trade dress, style of packaging and the like with respect to each Co-Promotion Product in the Field within the Co-Promotion Territory may be determined by AbbVie in a manner that is consistent with AbbVie's standard trade dress and style in the Co-Promotion Territory, but shall be subject to the approval by the JCC.

8.7.4Third Party Claims. AbbVie shall have the sole right and responsibility for defending against any alleged, threatened, or actual claim by a Third Party that the use or registration of the Product Trademarks in the Territory infringes, dilutes, misappropriates, or otherwise violates any Trademark or other right of that Third Party or constitutes unfair trade practices or any other like offense, or any other claims as may be brought by a Third Party against a Party in connection with the use of the Product Trademarks with respect to a Licensed Product in the Territory. AbbVie shall bear the costs and expenses relating to any defense commenced pursuant to this Section 8.7.3 and any settlements and judgments with respect thereto (except to the extent such amounts constitute an Allowable Expense), and shall retain any damages or other amounts collected in connection therewith.

8.7.5Notice and Cooperation. Each Party shall provide to the other Party prompt written notice of any actual or threatened infringement of the Product Trademarks in the Territory and of any actual or threatened claim that the use of the Product Trademarks in the Territory violates the rights of any Third Party. Each Party agrees to cooperate fully with the other Party with respect to any enforcement action or defense commenced pursuant to this Section 8.7.

8.8Inventor's Remuneration. Each Party shall be solely responsible for any remuneration that may be due such Party's inventors under any applicable inventor remuneration laws.

ARTICLE 9
PHARMACOVIGILANCE AND SAFETY

9.1Pharmacovigilance. Within [***] after the formation of the JDC with respect to a First CD71 PDC or First Licensed Product, the Parties shall enter into negotiations for an agreement for the exchange of safety data (including post-marketing spontaneous reports received by each Party and its Affiliates) in a mutually agreed format in order to monitor the safety of the First CD71 PDCs or First Licensed Products and to meet reporting requirements with any applicable Regulatory Authority. The agreement shall be completed no later than the commencement of the Dose-Escalation Study under the CD71 Initial Development Plan and Budget.

9.2Global Safety Database.

9.2.1 Licensor shall initially set up, hold, and maintain (at Licensor's sole cost and expense) the global safety database for First CD71 PDCs or First Licensed

Products with respect to safety data obtained in connection with the activities under the CD71 Initial Development Plan and Budget.

9.2.2 Promptly upon completion of the activities set forth in the CD71 Initial Development Plan and Budget, but in any event no later than [***] after the completion thereof, Licensor shall transfer to AbbVie, in electronic format, the complete contents of the safety database maintained by Licensor pursuant to Section 9.2.1 for the First CD71 PDCs and First Licensed Products, and thereafter AbbVie shall maintain (at AbbVie's sole cost and expense, but subject to the last sentence of this subsection) the global safety database for First CD71 PDCs or First Licensed Products. AbbVie's and its Affiliates' costs incurred in connection with receiving, recording, and reviewing, adverse events with respect to Licensed Products in the United States, and reporting to the FDA adverse events with respect to Licensed Products shall be included in Allowable Expenses calculated on an FTE cost and direct out-of-pocket basis.

9.2.3 AbbVie shall set up, hold, and maintain (at AbbVie's sole cost and expense) the global safety database for Subsequent CD71 PDCs or Subsequent Licensed Products. Licensor shall provide AbbVie with all information necessary or desirable for AbbVie to comply with its pharmacovigilance responsibilities in the Territory, including, as applicable, any adverse drug experiences, from pre-clinical or clinical laboratory, animal toxicology and pharmacology studies, Clinical Studies, and commercial experiences with a Subsequent CD71 PDC or Subsequent Licensed Product, in each case in the form reasonably requested by AbbVie.

ARTICLE 10
CONFIDENTIALITY AND NON-DISCLOSURE

10.1Product Information. Licensor recognizes that by reason of, inter alia, AbbVie's status as an exclusive licensee pursuant to the grants under Section 5.1, AbbVie has an interest in Licensor's maintaining the confidentiality of certain information of Licensor. Accordingly, during the Term, Licensor shall, and shall cause its Affiliates and its and their respective officers, directors, employees, and agents to, keep completely confidential, and not publish or otherwise disclose, and not use directly or indirectly for any purpose other than to fulfill Licensor's obligations hereunder any Information owned or Controlled by Licensor or any of its Affiliates solely relating to any CD71 PDC or Licensed Product, or the Exploitation of any of the foregoing (the "**Product Information**"); except to the extent (a) the Product Information is in the public domain through no fault of Licensor, its Affiliates or any of its or their respective officers, directors, employees, or agents; (b) such disclosure or use is expressly permitted under Section 10.3, (c) such disclosure or use is otherwise expressly permitted by the terms of this Agreement, or (d) such disclosure or use is reasonably necessary for Licensor to perform its obligations or exercise its rights under this Agreement and is subject to confidentiality and non-use provisions consistent with those contained in this Agreement. For purposes of clarity, Licensor may use general learnings that are broadly applicable to the Licensor Platform for its products, including Probodies, other than CD71 Probodies and CD71 PDCs to the extent reasonably necessary to Develop, Manufacture or Exploit such products, and, in connection with such activities may disclose such general learnings to outside consultants, contractors, advisory boards, managed care organizations, and non-clinical and clinical investigators, under reasonable

obligations of confidentiality; provided that such general learnings expressly exclude Product Information, any results or data generated in connection with Development Activities and the Confidential Information of AbbVie. For purposes of Section 10.3, AbbVie shall be deemed to be the disclosing Party with respect to Product Information under Section 10.3 and Licensor shall be deemed to be the receiving Party with respect thereto. For further clarification, (i) without limiting this Section 10.1, to the extent Product Information is disclosed by Licensor to AbbVie pursuant to this Agreement, such information shall, subject to the other terms and conditions of this ARTICLE 10, also constitute Confidential Information of Licensor with respect to the use and disclosure of such Information by AbbVie, but (ii) the disclosure by Licensor to AbbVie of Product Information shall not cause such information to cease to be subject to the provisions of this Section 10.1 with respect to the use and disclosure of such Confidential Information by Licensor. In the event this Agreement is terminated in its entirety or with respect to the Terminated Territory, this Section 10.1 shall have no continuing force or effect with respect to the use or disclosure of such information solely in connection with the Exploitation of the CD71 PDC or Licensed Product for the benefit of the Terminated Territory, but the Product Information, to the extent Controlled and disclosed by AbbVie to Licensor hereunder, shall continue to be Confidential Information of AbbVie, subject to the terms of Sections 10.2, 10.3, and 10.8 for purposes of the surviving provisions of this Agreement.

10.2Confidentiality Obligations. At all times during the Term and for a period of [***] following termination or expiration hereof in its entirety, each Party shall, and shall cause its officers, directors, employees and agents to, keep confidential and not publish or otherwise disclose to a Third Party and not use, directly or indirectly, for any purpose, any Confidential Information furnished or otherwise made known to it, directly or indirectly, by the other Party, except to the extent such disclosure or use is expressly permitted by the terms of this Agreement or is reasonably necessary or useful for the performance of, or the exercise of such Party's rights under, this Agreement. Notwithstanding the foregoing, the Parties acknowledge the practical difficulty of policing the use of information in the unaided memory of the receiving Party or its Affiliates and its and their officers, directors, employees, and agents, and as such each Party agrees that the receiving Party shall not be liable for the use by any of its or its Affiliates' officers, directors, employees, or agents of specific Confidential Information of the disclosing Party that is retained in the unaided memory of such officer, director, employee or agent; *provided* that (a) such officer, director, employee, or agent is not aware that such Confidential Information is the confidential information of the disclosing Party at the time of such use; (b) the foregoing is not intended to grant, and shall not be deemed to grant, the receiving Party, its Affiliates, or its officers, directors, employees, and agents (i) a right to disclose the disclosing Party's Confidential Information, or (ii) a license under any Patents or other intellectual property right of the disclosing Party; and (c) such officer, director, employee, or agent has not intentionally memorized such Confidential Information for use outside this Agreement. Notwithstanding the foregoing, to the extent the receiving Party can demonstrate by documentation or other competent proof, the confidentiality and non-use obligations under this Section 10.2 with respect to any Confidential Information shall not include any information that:

10.2.1has been published by a Third Party or otherwise is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no wrongful act, fault or negligence on the part of the receiving Party;

10.2.2have been in the receiving Party's possession prior to disclosure by the disclosing Party without any obligation of confidentiality with respect to such information;

10.2.3is subsequently received by the receiving Party from a Third Party without restriction and without breach of any agreement between such Third Party and the disclosing Party;

10.2.4that is generally made available to Third Parties by the Disclosing Party without restriction on disclosure; or

10.2.5have been independently developed by or for the receiving Party without reference to, or use or disclosure of, the disclosing Party's Confidential Information;

Specific aspects or details of Confidential Information shall not be deemed to be within the public domain or in the possession of the receiving Party merely because the Confidential Information is embraced by more general information in the public domain or in the possession of the receiving Party. Further, any combination of Confidential Information shall not be considered in the public domain or in the possession of the receiving Party merely because individual elements of such Confidential Information are in the public domain or in the possession of the receiving Party unless the combination and its principles are in the public domain or in the possession of the receiving Party.

10.3Permitted Disclosures. Each Party may disclose Confidential Information to the extent that such disclosure is:

10.3.1in the reasonable opinion of the receiving Party's legal counsel, required to be disclosed pursuant to law, regulation or a valid order of a court of competent jurisdiction or other supra-national, federal, national, regional, state, provincial and local governmental body of competent jurisdiction, (including by reason of filing with securities regulators, but subject to Section 10.5); *provided*, that the receiving Party shall first have given prompt written notice (and to the extent possible, at least [***] notice) to the disclosing Party and given the disclosing Party a reasonable opportunity to take whatever action it deems necessary to protect its Confidential Information. (for example, quash such order or to obtain a protective order requiring that the Confidential Information and documents that are the subject of such order be held in confidence by such court or governmental body or, if disclosed, be used only for the purposes for which the order was issued), and in any case the receiving Party shall use Commercially Reasonable Efforts to obtain confidential treatment of such Confidential Information. In the event that no protective order or other remedy is obtained, or the disclosing Party waives compliance with the terms of this Agreement, the receiving Party shall furnish only that portion of Confidential Information which the receiving Party is advised by counsel is legally required to be disclosed;

10.3.2made by or on behalf of the receiving Party to the Regulatory Authorities as required in connection with any filing, application or request for Regulatory Approval in accordance with the terms of this Agreement; *provided*, that reasonable measures shall be taken to assure confidential treatment of such Confidential Information to the extent practicable and consistent with Applicable Law;

10.3.3made by or on behalf of the receiving Party to a patent authority as may be reasonably necessary or useful for purposes of obtaining, defending or enforcing a Patent in accordance with the terms of this Agreement; *provided*, that reasonable measures shall be taken to assure confidential treatment of such Confidential Information, to the extent such protection is available;

10.3.4made to its or its Affiliates' financial and legal advisors who have a need to know such disclosing Party's Confidential Information and are either under professional codes of conduct giving rise to expectations of confidentiality and non-use or under written agreements of confidentiality and non-use, in each case, at least as restrictive as those set forth in this Agreement; provided that the receiving Party shall remain responsible for any failure by such financial and legal advisors, to treat such Confidential Information as required under this Article;

10.3.5made by the receiving Party or its Affiliates to potential or actual investors, financers, or acquirers as may be necessary in connection with their evaluation of such potential or actual investment, financing, or acquisition; *provided*, that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this ARTICLE 10;

10.3.6made by AbbVie or its Affiliates or Sublicensees to its or their advisors, consultants, clinicians, vendors, service providers, contractors, existing or prospective collaboration partners (including [***]), licensees, sublicensees, or other Third Parties as may be necessary or useful in connection with the Exploitation of the CD71 PDC, the Licensed Products, or otherwise in connection with the performance of its obligations or exercise of its rights as contemplated by this Agreement; *provided*, that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this ARTICLE 10 (with a duration of confidentiality and non-use obligations as appropriate that is no less than [***] from the date of disclosure); or

10.3.7made by Licensor or its Affiliates to its or their advisors, consultants, clinicians, vendors, service providers, contractors, and the like to the extent necessary in assisting with Licensor's activities contemplated by this Agreement; *provided*, that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information of AbbVie substantially similar to the obligations of confidentiality and non-use of Licensor pursuant to this ARTICLE 10 (with a duration of confidentiality and non-use obligations as appropriate that is no less than [***] from the date of disclosure).

Section 10.3.6 shall apply *mutatis mutandis* to Licensor with respect to Confidential Information of AbbVie solely to the extent applicable to a Licensed Product being developed and commercialized by Licensor pursuant to the licenses set forth in Sections 13.9.1, if and as applicable.

10.4Use of Name. Except as expressly provided herein, neither Party shall mention or otherwise use the name, logo, or Trademark of the other Party or any of its Affiliates (or any abbreviation or adaptation thereof) in any publication, press release, marketing and

promotional material, or other form of publicity without the prior written approval of such other Party in each instance. The restrictions imposed by this Section 10.4 shall not prohibit either Party from making any disclosure identifying the other Party that, in the opinion of the disclosing Party's counsel, is required by Applicable Law; *provided*, that such Party shall submit the proposed disclosure identifying the other Party in writing to the other Party as far in advance as reasonably practicable (and in no event less than [***] prior to the anticipated date of disclosure, to the extent practicable) so as to provide a reasonable opportunity to comment thereon.

10.5Public Announcements. The Parties have agreed upon the content of a press release which shall be issued substantially in the form attached hereto as Schedule 10.5, upon execution of this Agreement; thereafter, Licensor and AbbVie may each disclose to Third Parties the information contained in such press release without the need for further approval by the other Party. Except for the press release attached hereto, neither Party shall issue any other public announcement, press release, or other public disclosure regarding this Agreement or its subject matter without the other Party's prior written consent, except for any such disclosure that is, in the opinion of the disclosing Party's counsel, required by Applicable Law or the rules of a stock exchange on which the securities of the disclosing Party are listed. In the event a Party is, in the opinion of its counsel, required by Applicable Law or the rules of a stock exchange on which its securities are listed to make such a public disclosure, such Party shall submit the proposed disclosure in writing to the other Party as far in advance as reasonably practicable (and in no event less than [***] prior to the anticipated date of disclosure) so as to provide a reasonable opportunity to comment thereon. Notwithstanding the foregoing, AbbVie, its Sublicensees and its and their respective Affiliates shall have the right to publicly disclose research, development and commercial information (including with respect to regulatory matters) regarding the CD71 PDCs and Licensed Products; *provided,* that if any such research, development or commercial information is materially adverse to the Exploitation of a Licensed Product, AbbVie shall submit the proposed disclosure in writing to Licensor as far in advance as reasonably practicable (and in no event less than [***] prior to the anticipated date of disclosure); and *further provided*, that (a) such disclosure is subject to the provisions of ARTICLE 10 with respect to Licensor's Confidential Information and (b) AbbVie shall not use the name of Licensor (or insignia, or any contraction, abbreviation or adaptation thereof) without Licensor's prior written permission.

10.6Publications.

10.6.1 Licensor shall not publish, present, or otherwise disclose, and shall cause its Affiliates and Third Party Providers and its and their employees and agents not to disclose any material containing AbbVie Confidential Information or related to the Exploitation of the CD71 Probodies, CD71 PDCs or Licensed Products, including any materials that contain Clinical Data or pertain to results of Clinical Studies, or other studies with respect to the CD71 Probodies, CD71 PDCs or Licensed Products, without the prior written consent of AbbVie. Licensor shall submit any proposed publication or presentation to AbbVie in accordance with Section 10.6.3 (unless Licensor is required by Applicable Law to publish such information sooner). For clarity, Licensor may, without AbbVie's prior approval, make publications or presentations related to the Licensor Platform provided that such publications and presentations do not to disclose any AbbVie Confidential Information or Information specifically related to the

Exploitation of the CD71 Probodies, CD71 PDCs or Licensed Products, or Clinical Data, non-clinical data or results of any Clinical Study or other study results with respect to the CD71 Probodies, CD71 PDCs or Licensed Products. Notwithstanding the foregoing, this Section 10.6 does not apply to that certain abstract for a poster presentation, entitled "Development of a Probody drug conjugate (PDC) targeting CD71 for the treatment of solid tumors and lymphomas" that was submitted for presentation at the American Association for Cancer Research (AACR) annual meeting, by Licensor, which abstract and corresponding poster has been accepted for publication prior to the Effective Date, and in each case in the form previously provided to AbbVie.

10.6.2 AbbVie, its Sublicensees and its and their respective Affiliates shall have the right to publish, present or otherwise disclose research, development and commercial information (including with respect to regulatory matters) regarding the CD71 PDCs and Licensed Products; *provided*, that (a) such disclosure is subject to the provisions of ARTICLE 10 with respect to Licensor's Confidential Information, (b) AbbVie shall not use the name of Licensor (or insignia, or any contraction, abbreviation or adaptation thereof) without Licensor's prior written permission and (c) AbbVie has provided Licensor with the opportunity to review pursuant to Section 10.6.3.

10.6.3 Each Party shall have the right to review any paper or other publication relating to the CD71 Probodies, CD71 PDCs or Licensed Products or that includes Confidential Information of the other Party that is proposed for publication by the other Party, including any oral presentation or abstract, that contains Clinical Data or pertains to results of Clinical Studies, or other studies. Before any such proposed publication is submitted for publication or an oral presentation is made, the publishing or presenting Party shall deliver a then-current copy of the paper or materials for oral presentation to the other Party at least [***] prior to submitting the paper to a publisher or making the presentation. The other Party shall review any such paper and give its comments to the publishing Party within [***] of the delivery of such paper to the other Party. With respect to oral presentation materials and abstracts, the other Party shall make reasonable efforts to expedite review of such materials and abstracts, and shall return such items as soon as practicable to the publishing or presenting Party with appropriate comments, if any, but in no event later than [***] from the date of delivery to the other Party. Notwithstanding the foregoing, the publishing or presenting Party shall comply with AbbVie's consent rights under Section 10.6.1 and the other Party's request to delete references to such other Party's Confidential Information in any such paper and will withhold publication of any such paper or any presentation of same for an additional [***] in order to permit the Parties to obtain Patent protection if either Party deems it necessary. Any publication shall include recognition of the contributions of the other Party according to standard practice for assigning scientific credit, either through authorship or acknowledgement, as may be appropriate.

10.7Return of Confidential Information. Upon the effective date of the termination of this Agreement for any reason, either Party may request in writing, and the other Party shall either, with respect to Confidential Information (in the event of termination of this Agreement with respect to one (1) or more Terminated Territories but not in its entirety, solely to the extent relating specifically and exclusively to such Terminated Territories) to which such first Party does not retain rights under the surviving provisions of this Agreement: (a) as soon as

reasonably practicable, destroy all copies of such Confidential Information in the possession of the other Party and confirm such destruction in writing to the requesting Party; or (b) as soon as reasonably practicable, deliver to the requesting Party, at the other Party's expense, all copies of such Confidential Information in the possession of the other Party; *provided*, that the other Party shall be permitted to retain one (1) copy of such Confidential Information for the sole purpose of performing any continuing obligations hereunder, as required by Applicable Law, or for archival purposes. Notwithstanding the foregoing, such other Party also shall be permitted to retain such additional copies of or any computer records or files containing such Confidential Information that have been created solely by such Party's automatic archiving and back-up procedures, to the extent created and retained in a manner consistent with such other Party's standard archiving and back-up procedures, but not for any other use or purpose.

10.8Survival. All Confidential Information shall continue to be subject to the terms of this Agreement for the period set forth in Section 10.2.

ARTICLE 11
REPRESENTATIONS AND WARRANTIES

11.1Mutual Representations and Warranties. Licensor and AbbVie each represents and warrants to the other, as of the Effective Date, as follows:

11.1.1Organization. It is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, and has all requisite power and authority, corporate or otherwise, to execute, deliver, and perform this Agreement.

11.1.2Authorization. The execution and delivery of this Agreement and the performance by it of the transactions contemplated hereby have been duly authorized by all necessary corporate action, and do not violate (a) such Party's charter documents, bylaws, or other organizational documents, (b) in any material respect, any agreement, instrument, or contractual obligation to which such Party is bound, (c) any requirement of any Applicable Law, or (d) any order, writ, judgment, injunction, decree, determination, or award of any court or governmental agency presently in effect applicable to such Party.

11.1.3Binding Agreement. This Agreement is a legal, valid, and binding obligation of such Party enforceable against it in accordance with its terms and conditions, subject to the effects of bankruptcy, insolvency, or other laws of general application affecting the enforcement of creditor rights, judicial principles affecting the availability of specific performance, and general principles of equity (whether enforceability is considered a proceeding at law or equity).

11.1.4No Inconsistent Obligation. It is not under any obligation, contractual or otherwise, to any Person that conflicts with or is inconsistent in any material respect with the terms of this Agreement, or that would impede the diligent and complete fulfillment of its obligations hereunder.

11.2Additional Representations, Warranties and Covenants of Licensor. Licensor further represents and warrants to AbbVie, as of the Effective Date, and covenants, as follows:

11.2.1 Licensor covenants not to challenge the validity, enforceability, patentability or scope of a Valid Patent Claim of any [***] (as such terms are defined in [***]).

11.2.2 All Licensor Background Patents existing as of the Effective Date are listed on Schedule 11.2.2 (the "**Existing Patents**"). To the Knowledge of Licensor, all Existing Patents are subsisting and are not invalid or unenforceable, in whole or in part. All Existing Patents that are CD71 Probody Patents are designated as such on Schedule 11.2.2

11.2.3 There are no claims, judgments, or settlements against, or amounts with respect thereto, owed by Licensor or any of its Affiliates relating to the Existing Patents, or the Licensor Background Know-How. No claim or litigation has been brought or threatened by any Person alleging, and Licensor has no Knowledge of any claim, whether or not asserted, that: (a) the Existing Patents or the Licensor Background Know-How are invalid or unenforceable, or (b) the Development, Manufacturing or Commercialization of the CD71 Probodies as contemplated herein, does or will violate, infringe, misappropriate or otherwise conflict or interfere with, any Patent or other intellectual property or proprietary right of any Person.

11.2.4 Licensor is (a) the sole and exclusive owner or, where noted, co-owner of the entire right, title and interest in the Existing Patents listed on Schedule 11.2.2, Part A (the "**Owned Patents**") and the Licensor Background Know-How and (b) the sole and exclusive licensee of the Existing Patents listed on Schedule 11.2.2, Part B (the "**In-Licensed Patents**"), in each case (a) and (b) free of any encumbrance, lien, or claim of ownership by any Third Party. Licensor is entitled to grant the licenses specified herein. The Owned Patents and In-Licensed Patents constitute all of the Existing Patents.

11.2.5 To Licensor's Knowledge, Licensor has the right to (a) use all Information, and Patents necessary to conduct the CD71 Discovery Activities and other Development activities to be performed by Licensor under this Agreement with respect to CD71 Probodies; and (b) permit AbbVie to use all such Information and Patents to conduct the CD71 Discovery Activities and other Development activities to be performed by AbbVie under this Agreement with respect to CD71 PDCs.

11.2.6 During the Term, neither Licensor nor any of its Affiliates shall encumber or diminish the rights granted to AbbVie hereunder with respect to the Licensor Background Patents or Licensor Program Patents, including by (a) committing any acts or permitting the occurrence of any omissions that would cause the breach or termination of any Licensor In-License Agreement, or (b) amending or otherwise modifying or permitting to be amended or modified, any Licensor In-License Agreement, where such amendment or modification would adversely affect the rights granted to AbbVie hereunder. Licensor shall promptly provide AbbVie with notice of any alleged, threatened, or actual material breach of any Licensor In-License Agreement. As of the Effective Date, none of Licensor, its Affiliates and, to Licensor's Knowledge, none of the counterparties thereto is in breach of any Licensor In-License Agreement. No party to any Licensor In-License Agreement has threatened to terminate, or has otherwise alleged any material breach under, such agreement. Each Licensor In-License Agreement is in full force and effect in accordance with its terms.

11.2.7 The Existing Patents are being diligently prosecuted in the respective patent offices in the Territory in accordance with Applicable Law. The Existing

Patents have been filed and maintained properly and correctly and all applicable fees have been paid on or before the due date for payment.

11.2.8 Neither Licensor nor any of its Affiliates has previously entered into any agreement, whether written or oral, with respect to the assignment, transfer, license, conveyance or encumbrance of, or otherwise assigned, transferred, licensed, conveyed or encumbered its right, title, or interest in or to (a) the CD71 Probody Patents, or (b) any Existing Patents or Licensor Background Know-How (including by granting any covenant not to sue with respect thereto) that primarily relate to CD71 (or any Patent or other intellectual property or proprietary right or Information that would be any of the foregoing but for such assignment, transfer, license, conveyance, or encumbrance), and during the Term neither Licensor nor any of its Affiliates will enter into any such agreements or grant. Neither Licensor nor its Affiliates has, and neither will during the Term, enter into any agreements or grant any right, title, or interest to any Person that is inconsistent with the rights and licenses granted to AbbVie under this Agreement.

11.2.9 To Licensor's Knowledge, no Person is infringing or threatening to infringe or misappropriating or threatening to misappropriate the Existing Patents or the Licensor Background Know-How.

11.2.10 True, complete, and correct copies of: (a) the CD71 Probody Patent applications**,** and (b) all existing Licensor In-License Agreements, in each case ((a) and (b)) have been provided or made available to AbbVie prior to the Effective Date. Except for the UCSB Agreement, there is no other agreement pursuant to which Licensor in-licenses any other Existing Patent.

11.2.11 Licensor and its Affiliates have generated, prepared, maintained, and retained all Regulatory Documentation that is required to be maintained or retained pursuant to and in accordance with good laboratory and clinical practice and Applicable Law, and all such information is true, complete and correct and what it purports to be.

11.2.12 To Licensor's Knowledge, the conduct of the Plans and AbbVie's Development, Manufacture and Commercialization of the Licensed Products as contemplated herein will not infringe any Patent or other intellectual property or proprietary right of any Person, in each case as a result of such Licensed Product containing a CD71 Probody (other than Backup Antibody portion thereof).

11.2.13 To Licensor's Knowledge, the conception, development, and reduction to practice of the Existing Patents, and Licensor Background Know-How existing as of the Effective Date have not constituted or involved the misappropriation of trade secrets or other rights or property of any Person.

11.2.14 In respect of the pending patent applications included in the Existing Patents, Licensor and its Affiliates have presented all references, documents, or information of which it and the inventors are aware and is otherwise material to patentability to the relevant patent examiner at the relevant patent office.

11.2.15 The Existing Patents represent all Patents within Licensor's or its Affiliates' ownership or Control relating to the CD71 PDCs or the Licensed Products, or the Exploitation thereof, as of the Effective Date.

11.2.16 To Licensor's Knowledge, each of the Existing Patents properly identifies each and every inventor of the claims thereof as determined in accordance with the laws of the jurisdiction in which such Existing Patent is issued or such application is pending.

11.2.17 Each Person who has or has had any rights in or to any Existing Patents or any Licensor Background Know-How, has assigned and has executed an agreement assigning its entire right, title, and interest in and to such Existing Patents and Licensor Background Know-How to Licensor or, to Licensor's Knowledge, to the licensor under existing Licensor In-License Agreements, as applicable. To Licensor's Knowledge, no current officer, employee, agent, or consultant of Licensor or any of its Affiliates is in violation of any term of any assignment or other agreement regarding the protection of Patents or other intellectual property or proprietary information of Licensor or such Affiliate or of any employment contract or any other contractual obligation relating to the relationship of any such Person with Licensor.

11.2.18 No rights or licenses are required under the Existing Patents or Licensor Background Know-How for the conduct of the Plans or for AbbVie to Develop and Commercialize the CD71 PDCs and the Licensed Products as contemplated herein other than those granted under Section 5.1.

11.2.19 The Licensor Background Know-How that constitute trade secrets has been kept confidential or has been disclosed to Third Parties only under terms of confidentiality. To the Knowledge of Licensor, no material breach of a confidentiality obligation to Licensor with respect to any Licensor Background Know-How has been committed by any Third Party.

11.2.20 Licensor has made available to AbbVie all Regulatory Documentation, Licensor Background Know-How and other Information in its possession or Control regarding or related to the CD71 PDCs or the Licensed Products that has been requested by AbbVie, and all such Regulatory Documentation, Licensor Background Know-How and other Information are true, complete, and correct.

11.2.21 Neither Licensor nor any of its Affiliates has any Knowledge of any scientific or technical facts that would adversely affect the Parties ability to meet the Preclinical POC Success Criteria, the CD71 GLP Tox Success Criteria, the CD71 IND Success Criteria, or the CD71 Dose-Escalation Success Criteria.

11.2.22 Other than the existing Licensor In-License Agreements, to Licensor's Knowledge, there are no amounts that will be required to be paid to a Third Party as a result of the Development, Manufacture or Commercialization of the CD71 PDCs or Licensed Products that arise out of any agreement to which Licensor or any of its Affiliates is a party.

11.2.23 Licensor has obtained from each of its Affiliates, sublicensees, employees and agents, and from the employees and agents of its Affiliates,

sublicensees and agents, who are performing tests or studies, or are otherwise participating in the Exploitation of the CD71 PDCs or Licensed Products or who otherwise have access to any AbbVie Information or other Confidential Information of AbbVie, and shall obtain from such Persons during the Term, the licenses and other rights necessary for Licensor to grant to AbbVie the rights and licenses provided herein and for AbbVie to perform its obligations hereunder, without payments beyond those required by ARTICLE 7.

11.2.24 Except as listed on Schedule 11.2.2, the inventions claimed or covered by the Existing Patents (a) were not conceived, discovered, developed, or otherwise made in connection with any research activities funded, in whole or in part, by the federal government of the United States or any agency thereof, (b) are not a "subject invention" as that term is described in 35 U.S.C. Section 201(f), and (c) are not otherwise subject to the provisions of the Bayh-Dole Act.

11.3Additional Representations, Warranties and Covenants of AbbVie. AbbVie further represents and warrants to Licensor, as of the Effective Date, and covenants, as follows:

11.3.1 AbbVie is not subject to any non-compete or other restrictions that would prohibit it from Developing and Commercializing the Licensed Products in the Field in the Territory as contemplated on the Effective Date.

11.3.2 During the Term, neither AbbVie nor any of its Affiliates shall (a) commit any acts or permitting the occurrence of any omissions that would cause the breach or termination of [***], or (b) amending or otherwise modifying or permitting to be amended or modified, [***], where such amendment or modification would materially affect the rights granted to Licensor hereunder; provided, however, that the foregoing covenant shall not apply (i) if the Lead First CD71 PDC has not met the Preclinical POC Success Criteria, the CD71 GLP Tox Success Criteria or the CD71 IND Success Criteria, in each case by the applicable deadline, and AbbVie (in its sole discretion) has not elected to proceed with the Lead First CD71 PDC, or if the Lead First CD71 PDC is otherwise no longer being pursued under this Agreement, or (ii) to any amendment or modification of [***], or any waiver of any terms or conditions thereto, permitting [***] or its Affiliates to use Restricted CD71 Antibodies, including Restricted CD71 Antibodies conjugated to a payload with a linker, but solely as control reagents (both positive or negative controls) for assays for research purposes. As of the Effective Date, none of AbbVie, its Affiliates and, to the best of their Knowledge, any Third Party is in breach of [***]. No party to [***] has threatened to terminate, or has otherwise alleged any material breach under, such agreement. [***] is in full force and effect in accordance with its terms. As of the Effective Date, AbbVie has nominated CD71 as a target under [***].

11.4Debarment. Neither Party nor any of its employees nor agents performing hereunder, have ever been, are currently, or are the subject of a proceeding that could lead to it or such employees or agents becoming, as applicable, a Debarred Entity or Debarred Individual, an Excluded Entity or Excluded Individual or a Convicted Entity or Convicted Individual or added to the FDA's Disqualified/Restricted List. If, during the Term, either Party, or any of its employees or agents performing hereunder, become or are the subject of a proceeding that could lead to a Person becoming, as applicable, a Debarred Entity or Debarred

Individual, an Excluded Entity or Excluded Individual or a Convicted Entity or Convicted Individual or added to the FDA's Disqualified/Restricted List, such Party shall immediately notify the other Party, and if Licensor is the notified Party, Licensor shall have the right to prohibit such Person from performing work under this Agreement, and if AbbVie is the notified Party, AbbVie shall have the option, at its sole discretion, to either: (a) prohibit such Person from performing work under this Agreement, or (b) terminate all work being performed or to be performed by the notifying Party pursuant to this Agreement. This provision shall survive termination or expiration of this Agreement. For purposes of this provision, the following definitions shall apply:

11.4.1A "Debarred Individual" is an individual who has been debarred by the FDA pursuant to 21 U.S.C. §335a (a) or (b) from providing services in any capacity to a Person that has an approved or pending drug or biological product application.

11.4.2A "Debarred Entity" is a corporation, partnership or association that has been debarred by the FDA pursuant to 21 U.S.C. §335a (a) or (b) from submitting or assisting in the submission of any abbreviated drug application, or a subsidiary or affiliate of a Debarred Entity.

11.4.3 An "Excluded Individual" or "Excluded Entity" is (A) an individual or entity, as applicable, who has been excluded, debarred, suspended or is otherwise ineligible to participate in federal health care programs such as Medicare or Medicaid by the Office of the Inspector General (OIG/HHS) of the U.S. Department of Health and Human Services, or (B) is an individual or entity, as applicable, who has been excluded, debarred, suspended or is otherwise ineligible to participate in federal procurement and non-procurement programs, including those produced by the U.S. General Services Administration (GSA).

11.4.4A "Convicted Individual" or "Convicted Entity" is an individual or entity, as applicable, who has been convicted of a criminal offense that falls within the ambit of 21 U.S.C. §335a (a) or 42 U.S.C. §1320a - 7(a), but has not yet been excluded, debarred, suspended or otherwise declared ineligible.

11.4.5"FDA's Disqualified/Restricted List" is the list of clinical investigators restricted from receiving investigational drugs, biologics, or devices if the FDA has determined that the investigators have repeatedly or deliberately failed to comply with regulatory requirements for studies or have submitted false Information to the study sponsor or the FDA.

11.5DISCLAIMER OF WARRANTIES. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

ARTICLE 12
INDEMNITY

12.1Indemnification of Licensor. AbbVie shall indemnify Licensor, its Affiliates and its and their respective directors, officers, employees, and agents (the "**Licensor Indemnitees**") and defend and save each of them harmless, from and against any and all losses, damages, liabilities, penalties, costs, and expenses (including reasonable attorneys' fees and expenses) (collectively, "**Losses**") in connection with any and all suits, investigations, claims, or demands of Third Parties (collectively, "**Third Party Claims**") incurred by or rendered against the Licensor Indemnitees arising from or occurring as a result of:

[***].

12.2Indemnification of AbbVie. Licensor shall indemnify AbbVie, its Affiliates and its and their respective directors, officers, employees, and agents (the "**AbbVie Indemnitees**"), and defend and save each of them harmless, from and against any and all Losses in connection with any and all Third Party Claims incurred by or rendered against the AbbVie Indemnitees arising from or occurring as a result of:

[***].

12.3Certain Losses. Any Losses, other than those Losses covered in ARTICLE 8 or for which indemnification is provided in Section 12.1 or Section 12.2, in connection with any Third Party Claim brought against either Party resulting directly or indirectly from (a) the performance of Co-Development Activities by either Party (or its Affiliates, employees, or agents) in accordance with a Plan shall be included as a Development Cost or (b) the Commercialization of any Co-Development Product, or the Manufacture of any Co-Development Product for use in Commercialization activities, shall be included as an Allowable Expense. If either Party learns of any Third Party Claim with respect to Losses covered by this Section 12.3, such Party shall provide the other Party with prompt written notice thereof. The Parties shall confer with respect to how to respond to such Third Party Claim and how to handle such Third Party Claim in an efficient manner. In the absence of such an agreement, each Party shall have the right to take such action as it deems appropriate.

12.4Notice of Claim. All indemnification claims in respect of a Party, its Affiliates, or their respective directors, officers, employees and agents shall be made solely by such Party to this Agreement (the "**Indemnified Party**"). The Indemnified Party shall give the indemnifying Party prompt written notice (an "**Indemnification Claim Notice**") of any Losses or discovery of fact upon which such Indemnified Party intends to base a request for indemnification under this ARTICLE 12, but in no event shall the indemnifying Party be liable for any Losses that result from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss is known at such time). The Indemnified Party shall furnish promptly to the indemnifying Party copies of all papers and official documents received in respect of any Losses and Third Party Claims.

12.5Control of Defense.

12.5.1In General. Subject to the provisions of Sections 8.4, 8.5 and 8.7, at its option, the indemnifying Party may assume the defense of any Third Party Claim by giving written notice to the Indemnified Party within [***] after the indemnifying Party's receipt of an Indemnification Claim Notice. The assumption of the defense of a Third Party Claim by the indemnifying Party shall not be construed as an acknowledgment that the indemnifying Party is liable to indemnify the Indemnified Party in respect of the Third Party Claim, nor shall it constitute a waiver by the indemnifying Party of any defenses it may assert against the Indemnified Party's claim for indemnification. Upon assuming the defense of a Third Party Claim, the indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel selected by the indemnifying Party which shall be reasonably acceptable to the Indemnified Party. In the event the indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party shall immediately deliver to the indemnifying Party all original notices and documents (including court papers) received by the Indemnified Party in connection with the Third Party Claim. Should the indemnifying Party assume the defense of a Third Party Claim, except as provided in Section 12.5.2, the indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense or settlement of the Third Party Claim unless specifically requested in writing by the indemnifying Party. In the event that it is ultimately determined that the indemnifying Party is not obligated to indemnify, defend or hold harmless the Indemnified Party from and against the Third Party Claim, the Indemnified Party shall reimburse the indemnifying Party for any Losses incurred by the indemnifying Party in its defense of the Third Party Claim.

12.5.2Right to Participate in Defense. Without limiting Section 12.5.1, any Indemnified Party shall be entitled to participate in, but not control, the defense of such Third Party Claim and to employ counsel of its choice for such purpose; *provided*, that such employment shall be at the Indemnified Party's own expense unless (a) the employment thereof, and the assumption by the indemnifying Party of such expense, has been specifically authorized by the indemnifying Party in writing, (b) the indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 12.5.1 (in which case the Indemnified Party shall control the defense), or (c) the interests of the Indemnified Party and the indemnifying Party with respect to such Third Party Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules or equitable principles.

12.5.3Settlement. With respect to any Losses relating solely to the payment of money damages in connection with a Third Party Claim and that shall not result in the Indemnified Party's becoming subject to injunctive or other relief, and as to which the indemnifying Party shall have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, on such terms as the indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Third Party Claims, where the indemnifying Party has assumed the defense of the Third Party Claim in accordance with Section 12.5.1, the indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss. If the indemnifying Party does not assume and conduct the defense of a Third Party Claim as provided above, the Indemnified Party may defend

against such Third Party Claim. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, no Indemnified Party shall admit any liability with respect to, or settle, compromise or dispose of, any Third Party Claim without the prior written consent of the indemnifying Party. The indemnifying Party shall not be liable for any settlement, compromise or other disposition of a Loss by an Indemnified Party that is reached without the written consent of the indemnifying Party.

12.5.4Cooperation. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, the Indemnified Party shall, and shall cause each indemnitee to, cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Third Party Claim, and making Indemnified Parties and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the indemnifying Party shall reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

12.5.5Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Third Party Claim shall be reimbursed on a Calendar Quarter basis in arrears by the indemnifying Party, without prejudice to the indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

12.6Special, Indirect, and Other Losses. EXCEPT (A) FOR WILLFUL MISCONDUCT, (B) FOR A PARTY'S BREACH OF ITS OBLIGATIONS UNDER ARTICLE 10 OR SECTION 5.8 OR SECTION 5.10 (C) AS PROVIDED UNDER SECTION 14.7.7, AND (D) TO THE EXTENT ANY SUCH DAMAGES ARE REQUIRED TO BE PAID TO A THIRD PARTY AS PART OF A CLAIM FOR WHICH A PARTY PROVIDES INDEMNIFICATION UNDER THIS ARTICLE 12, NEITHER PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE FOR INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS OR BUSINESS INTERRUPTION, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER IN CONTRACT, TORT, NEGLIGENCE, BREACH OF STATUTORY DUTY OR OTHERWISE IN CONNECTION WITH OR ARISING IN ANY WAY OUT OF THE TERMS OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE USE OF THE CD71 PDC OR LICENSED PRODUCT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

12.7Insurance. Each Party shall obtain and carry in full force and effect the minimum insurance requirements set forth herein. Such insurance (a) shall be primary insurance with respect to each Party's own participation under this Agreement, (b) shall be issued by a recognized insurer rated by [***] (or its equivalent) or better, or an insurer pre-approved in

writing by the other Party, and (c) shall require thirty (30) days' written notice to be given to the other Party prior to any cancellation, non-renewal or material change thereof.

12.7.1Types and Minimum Limits. The types of insurance, and minimum limits shall be:

(a) Worker's Compensation with statutory limits in compliance with the Worker's Compensation laws of the state or states in which the Party has employees in the United States (excluding Puerto Rico).

(b) Employer's Liability coverage with a minimum limit of [***] per occurrence; *provided*, that a Party has employees in the United States (excluding Puerto Rico).

(c) General Liability Insurance, as of the Effective Date, with a minimum limit of [***] per occurrence and [***] in the aggregate. At the time of the commencement of the Dose-Escalation Study, General Liability Insurance, with a minimum limit of [***] per occurrence and [***] in the aggregate. General Liability Insurance shall include, at a minimum, Professional Liability, Clinical Trial Insurance and, beginning at least [***] prior to First Commercial Sale of a Licensed Product, product liability insurance.

12.7.2Certificates of Insurance. Upon request by a Party, the other Party shall provide Certificates of Insurance evidencing compliance with this Section. The insurance policies shall be under an occurrence form, but if only a claims-made form is available to a Party, then such Party shall continue to maintain such insurance after the expiration or termination of this Agreement for the longer of (a) a period of [***] following termination or expiration of this Agreement in its entirety, or (b) with respect to a particular Party, last sale of a Licensed Product (or but for expiration or termination, would be considered a Licensed Product) sold under this Agreement by a Party.

12.7.3Self-Insurance. Notwithstanding the foregoing, AbbVie may self-insure, in whole or in part, the insurance requirements described above; *provided*, that AbbVie continues to be investment grade determined by reputable and accepted financial rating agencies.

ARTICLE 13
TERM AND TERMINATION

13.1Term.

13.1.1Term. This Agreement shall commence on the Effective Date and, unless earlier terminated in accordance herewith, shall continue in force and effect until the date of expiration of the last Royalty Term for the last Licensed Product, and if later, the date on which no Co-Development Product is being Developed or Commercialized in or for the United States (such period, the "**Term**").

13.1.2Effect of Expiration of the Term. Following the expiration of the Term, the grants in Section 5.1 shall become exclusive, fully-paid, royalty-free and irrevocable.

13.2Termination for Material Breach.

13.2.1Material Breach. If either Party (the "**Non-Breaching Party**") believes that the other Party (the "**Breaching Party**") has materially breached one (1) or more of its material obligations under this Agreement, then the Non-Breaching Party may deliver notice of such material breach to the Breaching Party (a "**Default Notice**"). If the Breaching Party does not dispute that it has committed a material breach of one (1) or more of its material obligations under this Agreement, then if the Breaching Party fails to cure such breach, or fails to take steps as would be considered reasonable to effectively cure such breach, within [***] after receipt of the Default Notice, or if such compliance cannot be fully achieved within such [***] period and the Breaching Party has failed to commence compliance or has failed to use diligent efforts to achieve full compliance as soon thereafter as is reasonably possible, the Non-Breaching Party may terminate this Agreement upon written notice to the Breaching Party. If the Breaching Party disputes that it has materially breached one (1) of its material obligations under this Agreement, the dispute shall be resolved pursuant to Section 14.7.1. If, as a result of the application of such dispute resolution procedures under Section 14.7.1, the Breaching Party is determined to be in material breach of one (1) or more of its material obligations under this Agreement (an "**Adverse Ruling**"), then if the Breaching Party fails to complete the actions specified by the Adverse Ruling to cure such material breach within [***] after such ruling, or if such compliance cannot be fully achieved within such [***] period and the Breaching Party has failed to commence compliance or has failed to use diligent efforts to achieve full compliance as soon thereafter as is reasonably possible, then the Non-Breaching Party may terminate this Agreement upon written notice to the Breaching Party.

13.2.2Material Breach Related to Diligence in a Major Market. Notwithstanding Section 13.2.1, if the material breach and failure to cure contemplated by Section 13.2.1 is with respect to AbbVie's Commercialization diligence obligations under Section 4.2 with respect to any Major Market, Licensor shall not have the right to terminate this Agreement in its entirety, but shall have the right to terminate this Agreement solely with respect to such Major Market.

13.3Additional Termination Rights by AbbVie.

13.3.1For Cause. AbbVie may terminate this Agreement in its entirety effective immediately upon written notice to Licensor in the event that (a) a CD71 PDC Failure occurs or (b) AbbVie in good faith believes that it is not advisable for AbbVie to continue to Develop or Commercialize the CD71 PDCs or Licensed Products as a result of a perceived serious safety issue regarding the use of any Licensed Product.

13.3.2Termination for Convenience by AbbVie. At any time after the [***] of the Effective Date, AbbVie may terminate this Agreement in its entirety or on a country or other jurisdiction -by-country or other jurisdiction basis for any or no reason, upon [***] prior written notice to Licensor.

13.4Termination for Insolvency. In the event that either Party (a) files for protection under bankruptcy or insolvency laws, (b) makes an assignment of substantially all of its assets for the benefit of creditors, (c) appoints or suffers appointment of a receiver or trustee over substantially all of its property that is not discharged within [***] after such filing,

(d) proposes or is a party to any dissolution or liquidation, (e) files a petition under any bankruptcy or insolvency act or has any such petition filed against that is not discharged within [***] of the filing thereof, or (f) admits in writing its inability generally to meet its obligations as they fall due in the general course, then the other Party may terminate this Agreement in its entirety effective immediately upon written notice to such Party.

13.5 Termination for [***]**.** AbbVie may terminate this Agreement in its entirety effective immediately upon written notice to Licensor if Licensor, its Affiliates or sublicensees of any [***], challenges the validity, enforceability, patentability or scope of a Valid Patent Claim of any [***] (as such terms are defined in [***]).

13.6Rights in Bankruptcy.

13.6.1Applicability of 11 U.S.C. § 365(n). All rights and licenses (collectively, the "**Intellectual Property**") granted under or pursuant to this Agreement, including all rights and licenses to use improvements or enhancements developed during the Term, are intended to be, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code (the "**Bankruptcy Code**") or any analogous provisions in any other country or jurisdiction, licenses of rights to "intellectual property" as defined under Section 101(35A) of the Bankruptcy Code. The Parties agree that the licensee of such Intellectual Property under this Agreement shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code, including Section 365(n) of the Bankruptcy Code, or any analogous provisions in any other country or jurisdiction. All of the rights granted to either Party under this Agreement shall be deemed to exist immediately before the occurrence of any bankruptcy case in which the other Party is the debtor.

13.6.2Rights of non-Debtor Party in Bankruptcy. If a bankruptcy proceeding is commenced by or against either Party under the Bankruptcy Code or any analogous provisions in any other country or jurisdiction, the non-debtor Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any Intellectual Property and all embodiments of such Intellectual Property, which, if not already in the non-debtor Party's possession, shall be delivered to the non-debtor Party within [***] of such request; *provided*, that the debtor Party is excused from its obligation to deliver the Intellectual Property to the extent the debtor Party continues to perform all of its obligations under this Agreement and the Agreement has not been rejected pursuant to the Bankruptcy Code or any analogous provision in any other country or jurisdiction.

13.7Termination in Entirety.

13.7.1 In the event of a termination of this Agreement in its entirety by AbbVie pursuant to Section 13.3 or by Licensor pursuant to Section 13.2.1 or 13.4:

(a) all rights and licenses granted by Licensor hereunder shall immediately terminate;

(b) all rights and licenses granted by AbbVie pursuant hereunder shall immediately terminate; and

(c) solely in the case of termination pursuant to Section 13.3.2, upon the effective date of AbbVie's notice of termination (i) AbbVie will have no further diligence obligations or obligations to fund any FTEs under any Plans and (ii) AbbVie will not be required to make any milestone payments to Licensor under this Agreement for milestones achieved during the period between the notice of termination by AbbVie under Section 13.3.2 and the effective date of termination or thereafter .

13.7.2 In the event of a termination of this Agreement in its entirety by AbbVie pursuant to Section 13.2.1 or 13.4:

(a) all rights and licenses granted by AbbVie hereunder shall immediately terminate; and

(b) all rights and licenses granted to AbbVie hereunder shall become exclusive or non-exclusive (at AbbVie's sole option), irrevocable and perpetual rights and licenses and the Parties shall mutually agree, in good faith, in writing the consideration Licensor shall receive for the aforementioned license, taking into consideration: (i) lost time in the Development and/or Commercialization of a CD71 PDC or Licensed Product due to termination; (ii) AbbVie's contributions made in Exploitation of a CD71 PDC or Licensed Product; and (iii) the reasons why the termination occurred. If, despite good faith discussions, the Parties are unable to agree on the consideration, then the dispute shall be resolved pursuant to Section 14.6.1.

13.8Termination of Terminated Territory. In the event of a termination of this Agreement with respect to a country or other jurisdiction by AbbVie pursuant to Section 13.3.2 or with respect to a Terminated Territory by Licensor pursuant to Section 13.2.2 (but not in the case of any termination of this Agreement in its entirety) all rights and licenses granted by Licensor hereunder (a) shall automatically be deemed to be amended to exclude, if applicable, the right to market, promote, detail, distribute, import, sell, offer for sale, file any Drug Approval Application for, or seek any Regulatory Approval for CD71 PDC or Licensed Products in such Terminated Territory, and (b) shall otherwise survive and continue in effect in such Terminated Territory solely for the purpose of furthering any Commercialization of the CD71 PDCs or Licensed Products in the Territory or any Development or Manufacturing in support thereof.

13.9[***] **and Transition Agreement.**

13.9.1[***]

13.9.2 For each Terminated Product or in the event of termination of this Agreement, whether in its entirety or with respect to the Terminated Territory, Licensor and AbbVie shall negotiate in good faith the terms and conditions of a written transition agreement (the "**Transition Agreement**") pursuant to which AbbVie and Licensor will effectuate and coordinate a smooth and efficient transition of relevant obligations and rights to Licensor as reasonably necessary for Licensor to exercise its licenses pursuant to Section 13.9.1 with respect to the Terminated Product or Licensed Products after termination of this Agreement (in its entirety or with respect to the Terminated Territory, as applicable) as and to the extent set forth in this ARTICLE 13.

13.9.3 The Transition Agreement shall provide that for each Terminated Product or, in the event of a termination of this Agreement in its entirety by AbbVie pursuant to Section 13.3.2 or by Licensor pursuant to Section 13.2 or 13.4, for each First CD71 PDC subject to the licenses pursuant to Section 13.9.1, and following Licensor's execution of the option grant in Section 13.9.1, AbbVie shall:

(a) where permitted by Applicable Law, transfer to Licensor all of its right, title, and interest in all Regulatory Documentation then owned or Controlled by AbbVie or its Affiliates that are applicable to the Terminated Products in the Territory that are the subject of the license grant in Section 13.9.1, or to the extent not so transferrable, AbbVie shall take all reasonable actions to make available to Licensor or its designee the benefits of, all Regulatory Documentation applicable to the Terminated Products in the Territory;

(b) notify the applicable Regulatory Authorities and take any other action reasonably necessary to effect the transfer set forth in clause (a) above;

(c) unless expressly prohibited by any Regulatory Authority, transfer control to Licensor of all Clinical Studies being Conducted by AbbVie as of the effective date of termination and continue to Conduct such Clinical Studies, at Licensor's cost, for up to [***] after the effective date of the termination, to enable such transfer to be completed without interruption of any such Clinical Study; *provided* that (i) Licensor shall not have any obligation to continue any Clinical Study unless required by Applicable Law, and (ii) with respect to each Clinical Study for which such transfer is expressly prohibited by the applicable Regulatory Authority, if any, AbbVie shall continue to Conduct such Clinical Study to completion, at Licensor's cost; and

(d) to the extent requested by Licensor, assign (or cause its Affiliates to assign) to Licensor all agreements with any Third Party with respect to the conduct of pre-clinical Development activities or Clinical Studies for the Terminated Products, including agreements with contract research organizations, clinical sites, investigators and manufacturing providers, unless, with respect to any such agreement, such agreement (i) expressly prohibits such assignment, in which case AbbVie shall cooperate with Licensor in reasonable respects to secure the consent of the applicable Third Party to such assignment, or (ii) covers Clinical Studies for Combination Products in which any active ingredient that is not a CD71 PDC is covered by Patents Controlled by AbbVie or any of its Affiliates or covers products covered by Patents Controlled by AbbVie or any of its Affiliates in addition to the Terminated Products, in which case AbbVie shall, at Licensor's sole cost and expense, cooperate with Licensor in all reasonable respects to facilitate the execution of a new agreement between Licensor and the applicable Third Party.

(e) Supply. AbbVie shall use Commercially Reasonable Efforts to transition to Licensor, upon Licensor's request, any arrangements with any contractor from which AbbVie had arranged to obtain a supply of the First CD71 PDCs or Terminated Products for use or sale in the Territory. If, at the time of termination of this Agreement, there are ongoing Clinical Trials of the Terminated Products in the Territory, AbbVie shall continue to provide to (or procure for) Licensor, First CD71 PDCs or Terminated

Products as needed for such Clinical Trials until such time as Licensor is able to establish an alternative source of supply for the First CD71 PDCs or Terminated Products but in no event for more than [***] after the effective date of termination of this Agreement; provided that Licensor shall use reasonable efforts to obtain such alternative source as soon as practicable. AbbVie will consider in good faith any requests for supply of such First CD71 PDCs or Terminated Products beyond the expiration of such [***] period. The price for continued supply of First CD71 PDCs or Terminated Products to Licensor pursuant to the transition supply terms of this Section 13.9.3(e) shall be negotiated and agreed by the Parties in connection with any such termination of this Agreement. At Licensor's expense, for a period of [***] from termination of this Agreement, AbbVie shall make reasonably available to Licensor (and/or its designated contract manufacturer(s)) AbbVie's personnel with expertise in manufacturing the First CD71 PDCs or Terminated Product as may be reasonably necessary to assist Licensor in obtaining an alternative supply of First CD71 PDCs or Terminated Product. [***].

(f) Sublicensees. Any contracts with Sublicensees of any Terminated Product in the Territory engaged by AbbVie other than AbbVie's Affiliates shall be assigned to Licensor to the extent AbbVie has the right to do so.

13.9.4 The Transition Agreement shall provide that in the event of a termination of this Agreement with respect to a country or other jurisdiction by AbbVie pursuant to Section 13.3.2 (but not in the case of any termination of this Agreement in its entirety) and following Licensor's execution of the option grant in Section 13.9.1, AbbVie shall:

(a) where permitted by Applicable Law, transfer to Licensor all of its right, title, and interest in all Regulatory Approvals owned by AbbVie and then in its name that is solely applicable to the Terminated Territory and to the Terminated Products that are the subject of the option grant in Section 13.9.1, as such Regulatory Approvals exists as of the effective date of such termination of this Agreement with respect to such Terminated Territory; *provided* that AbbVie retains a license and right of reference under any Regulatory Approval transferred pursuant to this clause as necessary or reasonably useful for AbbVie to Commercialize Terminated Products in the Territory, Develop Terminated Products in support of such Commercialization, or Manufacture Terminated Products in support of such Development or Commercialization;

(b) notify the applicable Regulatory Authorities and take any other action reasonably necessary to effect the transfer set forth in clause (a) above; and

(c) grant Licensor a right of reference to all Regulatory Documentation then owned by AbbVie and in AbbVie's name that are not transferred to Licensor pursuant to clause (a) above that are necessary or reasonably useful for Licensor, any of its Affiliates or sublicensees to Develop or Commercialize any Terminated Products that are the subject of the option grant in Section 13.9.1.

13.10 [***]

[***]	[***]
[***]	[***]

[***] [***]

[***] [***]

13.11Remedies. Except as otherwise expressly provided herein, termination of this Agreement (either in its entirety or with respect to one (1) or more country(ies) or other jurisdiction(s)) in accordance with the provisions hereof shall not limit remedies that may otherwise be available in law or equity.

13.12Accrued Rights; Surviving Obligations.

13.12.1 Termination or expiration of this Agreement (either in its entirety or with respect to one (1) or more country(ies) or other jurisdiction(s)) for any reason shall be without prejudice to any rights that shall have accrued to the benefit of a Party prior to such termination or expiration. Such termination or expiration shall not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement. Without limiting the foregoing, Section 2.8, Sections 3.1.5 and 3.2.4 (with respect to reports covering activities taking place during the Term, and assocated reimbursements), Sections 3.3, 3.10.2(b), 3.10.3 and 3.13, 5.10 (in accordance with the time periods set forth therein), 7.9 (with respect reports of Net Sales and Allowable Expenses incurred during the Term and associated payments), 7.10 through 7.18, Sections 8.1.1 through 8.1.4 (with respect to writing, conception, discovery, development or making that occurred prior to expiration or termination of this Agreement), Section 8.1.7, Sections 12.1 through 12.6, Section 13.6, Sections 13.9 (in accordance with the time periods set forth therein), 13.10 (for the duration of the Reverse Royalty Term, if applicable), 13.12, subparagraph (iii) of Section 14.2.2, Sections 14.3, 14.5 through 14.12, 14.14, 14.17 and 14.18 and ARTICLE 1 and ARTICLE 10 (other than Section 10.6) shall survive the termination or expiration of this Agreement for any reason, Sections 13.7 and 13.11 shall survive termination of this Agreement but not its expiration, and Sections 13.1.1 and Section 5.1 and 5.3 shall survive the expiration of this Agreement but not its termination. If this Agreement is terminated with respect to the Terminated Territory but not in its entirety, then following such termination the foregoing provisions of this Agreement shall remain in effect with respect to the Terminated Territory (to the extent they would survive and apply in the event the Agreement expires or is terminated in its entirety), and all provisions not surviving in accordance with the foregoing shall terminate upon termination of this Agreement with respect to the Terminated Territory and be of no further force and effect (and, for purposes of clarity, all provisions of this Agreement shall remain in effect with respect to all countries in the Territory other than the Terminated Territory).

13.12.2 Notwithstanding the termination of AbbVie's licenses and other rights under this Agreement or with respect to a particular Major Market or country or other jurisdiction, as the case may be, AbbVie shall have the right for [***] after the effective date of such termination with respect to each Major Market or country or other jurisdiction with respect to which such termination applies to sell or otherwise dispose of all CD71 PDCs or Licensed Product then in its inventory and any in progress inventory, in each case that is intended for sale or disposition in such Major Market or country or other jurisdiction, as though this Agreement had not terminated with respect to such Major Market or country or other

jurisdiction, and such sale or disposition shall not constitute infringement of Licensor's or its Affiliates' Patent or other intellectual property or other proprietary rights. For purposes of clarity, AbbVie shall continue to make payments thereon as provided in ARTICLE 7 (as if this Agreement had not terminated with respect to such Major Market or country or other jurisdiction). Notwithstanding the foregoing, upon the expiration or termination of this Agreement, if [***], Licensor shall have the right to purchase from AbbVie, and AbbVie shall sell to Licensor if requested by Licensor, all of AbbVie's and its Affiliate's existing inventory of Licensed Products at a price to be negotiated as part of the Transition Agreement.

ARTICLE 14
MISCELLANEOUS

14.1 Force Majeure. Neither Party shall be held liable or responsible to the other Party or be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement when such failure or delay is caused by or results from events beyond the reasonable control of the non-performing Party, including fires, floods, earthquakes, hurricanes, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), terrorist acts, insurrections, riots, civil commotion, strikes, lockouts, or other labor disturbances (whether involving the workforce of the non-performing Party or of any other Person), acts of God or acts, omissions or delays in acting by any governmental authority (except to the extent such delay results from the breach by the non-performing Party or any of its Affiliates of any term or condition of this Agreement). The non-performing Party shall notify the other Party of such force majeure within [***] after such occurrence by giving written notice to the other Party stating the nature of the event, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is necessary and the non-performing Party shall use commercially reasonable efforts to remedy its inability to perform.

14.2 Change in Control of Licensor.

14.2.1 [***]

14.2.2[***]

14.2.3 [***]

14.3Export Control. This Agreement is made subject to any restrictions concerning the export of products or technical information from the United States or other countries that may be imposed on the Parties from time to time. Each Party agrees that it will 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 in accordance with Applicable Law.

14.4Assignment.

14.4.1 Without the prior written consent of the other Party, neither Party shall sell, transfer, assign, delegate, pledge, or otherwise dispose of, whether voluntarily,

involuntarily, by operation of law or otherwise, this Agreement or any of its rights or duties hereunder; *provided*, that (a) either Party may make such an assignment without the other Party's consent to its Affiliate or to a successor, whether in a merger, sale of stock, sale of assets or any other transaction, of all or substantially all of the business to which this Agreement relates; and [***]. With respect to an assignment to an Affiliate, the assigning Party shall remain responsible for the performance by such Affiliate of the rights and obligations hereunder. Any attempted assignment or delegation in violation of this Section 14.4 shall be void and of no effect. All validly assigned and delegated rights and obligations of the Parties hereunder shall be binding upon and inure to the benefit of and be enforceable by and against the successors and permitted assigns of Licensor or AbbVie, as the case may be. The permitted assignee or transferee shall assume all obligations of its assignor or transferor under this Agreement. Without limiting the foregoing, the grant of rights set forth in this Agreement shall be binding upon any successor or permitted assignee of Licensor, and the obligations of AbbVie, including the payment obligations, shall run in favor of any such successor or permitted assignee of Licensor's benefits under this Agreement.

14.4.2[***]

14.4.3[***]

14.4.4 As used in this Section 14.4, "assignee" means the Third Party involved in the Change in Control transaction, and any Affiliate of such Third Party that was not an Affiliate of the Acquired Party immediately prior to the Change in Control; and "Acquired Party" means the Party that was the subject of such Change in Control, together with any entity that was its Affiliate immediately prior to the Change in Control.

14.5Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations of either Party under this Agreement will not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom, and (d) in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and reasonably acceptable to the Parties. To the fullest extent permitted by Applicable Law, each Party hereby waives any provision of law that would render any provision hereof illegal, invalid, or unenforceable in any respect.

14.6Governing Law, Jurisdiction and Service.

14.6.1Governing Law. This Agreement or the performance, enforcement, breach or termination hereof shall be interpreted, governed by and construed in accordance with the laws of the State of Delaware, United States, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction; *provided*, that all questions concerning (a) inventorship of Patents under this Agreement shall be determined in accordance with Section 8.1.4 and (b) the construction or effect of Patents shall be determined in accordance with the

laws of the country or other jurisdiction in which the particular Patent has been filed or granted, as the case may be. The Parties agree to exclude the application to this Agreement of the United Nations Convention on Contracts for the International Sale of Goods.

14.6.2Service. Each Party further agrees that service of any process, summons, notice or document by registered mail to its address set forth in Section 14.8.2 shall be effective service of process for any action, suit, or proceeding brought against it under this Agreement in any such court.

14.7Dispute Resolution. Except for disputes resolved by the procedures set forth in Section 2.4.3 or 7.17, if a dispute arises between the Parties in connection with or relating to this Agreement or any document or instrument delivered in connection herewith (a "**Dispute**"), it shall be resolved pursuant to this Section 14.7.1.

14.7.1General. Any Dispute shall first be referred to the Senior Officers of the Parties, who shall confer in good faith on the resolution of the issue. Any final decision mutually agreed to by the Senior Officers and documented in a written agreement shall be conclusive and binding on the Parties. If the Senior Officers are not able to agree on the resolution of any such issue within [***] (or such other period of time as mutually agreed by the Senior Officers) after such issue was first referred to them, then, except as otherwise set forth in Section 14.7.2, either Party may, by written notice to the other Party, elect to initiate an alternative dispute resolution ("**ADR**") proceeding pursuant to the procedures set forth in Section 14.7.3 for purposes of having the matter settled.

14.7.2Intellectual Property Disputes. In the event that a Dispute arises with respect the validity, scope, enforceability, inventorship or ownership of any Patent, Trademark or other intellectual property rights, and such Dispute cannot be resolved in accordance with Section 14.7.1, unless otherwise agreed by the Parties in writing, such Dispute shall not be submitted to an ADR proceeding in accordance with Section 14.7.3 and instead, either Party may initiate litigation in a court of competent jurisdiction, notwithstanding Section 14.6, in any country or other jurisdiction in which such rights apply.

14.7.3ADR. Any ADR proceeding under this Agreement shall take place pursuant to the procedures set forth in Schedule 14.7.3.

14.7.4Expert Arbitration. Any dispute expressly stated in this Agreement to be resolved pursuant to this Section 14.7.4 shall take place pursuant to the following procedures:

(a) Arbitrator Supervision. The expert arbitration shall be overseen by and conducted as a binding arbitration by a single arbitrator agreed to by both parties in accordance with the procedure set forth in Schedule 14.7.3 for the selection of a Neutral, and conducted pursuant to Schedule 14.7.3, sections 3 to 12, except as modified under this Section. The arbitrator may, upon agreement by the Parties, modify the procedures under Schedule 14.7.3, sections 3-12 as appropriate solely to expedite a "baseball" arbitration. The hearing to resolve each of the issues identified by the parties in the Parties shall be had no later than [***] after selection of the expert panel described in Section 14.7.4(b). All references to the Neutral in Schedule 14.7.3 shall refer to the expert panel described in Section 14.7.4(b).

(b) promptly following receipt of any notice requiring dispute resolution pursuant to this Section 14.7.4, the Parties shall meet and discuss in good faith and agree on an expert panel to resolve the issue under the supervision of an arbitrator as provided in Section 14.7.4(a), which expert panel shall consist of three (3) members and shall be neutral and independent of both Parties and all of their respective Affiliates, shall have significant experience and expertise in the substantive area in question, and shall have some experience in mediating or arbitrating issues relating to such agreements. If the Parties cannot agree on such expert panel within [***] of request by a Party for arbitration, then each Party shall select one (1) expert for such panel within [***] as from the expiration of the aforementioned [***] and the two (2) experts selected by the Parties shall select a third expert for the panel within [***] as from the appointment of the second expert; provided, that all such three (3) experts must meet the foregoing criteria, and further provided that if the Parties' experts cannot agree as to a third expert, the arbitrator (as described in Section 14.7.4(a)) shall appoint the third expert panel member. Any legal questions referred to the expert panel or raised by the expert panel shall be resolved by the arbitrator.

14.7.5Adverse Ruling. Any determination pursuant to this Section 14.7.1 that a Party is in material breach of its material obligations hereunder shall specify a (nonexclusive) set of actions to be taken to cure such material breach, if feasible.

14.7.6Interim Relief. Notwithstanding anything herein to the contrary, nothing in this Section 14.7.1 shall preclude either Party from seeking interim or provisional relief, including a temporary restraining order, preliminary injunction or other interim equitable relief concerning a Dispute, if necessary to protect the interests of such Party. This Section shall be specifically enforceable.

14.7.7Equitable Relief. Each Party acknowledges and agrees that the restrictions set forth in Section 5.8, Section 5.10 and ARTICLE 8 and ARTICLE 10 are reasonable and necessary to protect the legitimate interests of the other Party and that such other Party would not have entered into this Agreement in the absence of such restrictions, and that any breach or threatened breach of any provision of such Section or Articles may result in irreparable injury to such other Party for which there will be no adequate remedy at law. In the event of a breach or threatened breach of any provision of such Section or Articles, the non-breaching Party shall be authorized and entitled to seek from any court of competent jurisdiction injunctive relief, whether preliminary or permanent, specific performance, and an equitable accounting of all earnings, profits, and other benefits arising from such breach, which rights shall be cumulative and in addition to any other rights or remedies to which such non-breaching Party may be entitled in law or equity. Both Parties agree to waive any requirement that the other (a) post a bond or other security as a condition for obtaining any such relief, and (b) show irreparable harm, balancing of harms, consideration of the public interest, or inadequacy of monetary damages as a remedy.

14.8Notices.

14.8.1Notice Requirements. Any notice, request, demand, waiver, consent, approval, or other communication permitted or required under this Agreement shall be in writing, shall refer specifically to this Agreement and shall be deemed given only if (a)

delivered by hand, (b) sent by facsimile transmission (with transmission confirmed), or (c) by internationally recognized overnight delivery service that maintains records of delivery, addressed to the Parties at their respective addresses specified in Section 14.8.2 or to such other address as the Party to whom notice is to be given may have provided to the other Party in accordance with this Section 14.8.1. Such notice shall be deemed to have been given as of the date delivered by hand or transmitted by facsimile (with transmission confirmed) or on the second Business Day (at the place of delivery) after deposit with an internationally recognized overnight delivery service. Any notice delivered by facsimile shall be confirmed by a hard copy delivered as soon as practicable thereafter. This Section 14.8.1 is not intended to govern the day-to-day business communications necessary between the Parties in performing their obligations under the terms of this Agreement.

14.8.2Address for Notice.

If to AbbVie, to:

AbbVie Ireland Unlimited Company
Clarendon House
2 Church Street
Hamilton, HM11
Bermuda
Attention: Codan Services Limited
[***]

with a copy (which shall not constitute notice) to:

AbbVie Inc.
1 North Waukegan Road
North Chicago, Illinois 60064 U.S.
Attention: Executive Vice President, External
Affairs and General Counsel
[***]

If to Licensor, to:

CytomX Therapeutics, Inc.
343 Oyster Point Blvd., Suite 100
South San Francisco, CA, 94080-1913
Attention: General Counsel
[***]

with a copy (which shall not constitute notice) to:

Kenneth A. Clark
Wilson, Sonsini, Goodrich & Rosati LLP
650 Page Mill Road
Palo Alto, CA 94303
[***]

14.9Entire Agreement; Amendments. This Agreement, together with the Schedules attached hereto, sets forth and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and all prior agreements, understandings, promises, and representations, whether written or oral, with respect thereto are superseded hereby (including that certain Confidential Disclosure Agreement between the Parties or their respective Affiliates dated November 25, 2013, as amended) the "**Prior CDA**". Each Party confirms that it is not relying on any representations or warranties of the other Party except as specifically set forth in this Agreement. No amendment, modification, release, or discharge shall be binding upon the Parties unless in writing and duly executed by authorized representatives of both Parties.

14.10English Language. This Agreement shall be written and executed in, and all other communications under or in connection with this Agreement shall be in, the English language. Any translation into any other language shall not be an official version thereof, and in the event of any conflict in interpretation between the English version and such translation, the English version shall control.

14.11Waiver and Non-Exclusion of Remedies. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The waiver by either Party hereto of any right hereunder or of the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise. The rights and remedies provided herein are cumulative and do not exclude any other right or remedy provided by Applicable Law or otherwise available except as expressly set forth herein.

14.12No Benefit to Third Parties. Except as provided in ARTICLE 12, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties hereto

and their successors and permitted assigns, and they shall not be construed as conferring any rights on any other Persons.

14.13Further Assurance. Each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes hereof, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

14.14Relationship of the Parties. It is expressly agreed that Licensor, on the one hand, and AbbVie, on the other hand, shall be independent contractors and that the relationship between the Parties shall not constitute a partnership, joint venture, or agency including for all tax purposes. Neither Licensor, on the one hand, nor AbbVie, on the other hand, shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other, without the prior written consent of the other Party to do so. All persons employed by a Party shall be employees of such Party and not of the other Party and all costs and obligations incurred by reason of any such employment shall be for the account and expense of such Party.

14.15Performance by Affiliates. AbbVie may use one (1) or more of its Affiliates to perform its obligations and duties hereunder and such AbbVie Affiliates are expressly granted certain rights herein; provided that each such Affiliate shall be bound by the corresponding obligations of AbbVie and, subject to an assignment to such Affiliate pursuant to Section 14.4, AbbVie shall remain liable hereunder for the prompt payment and performance of all their respective obligations hereunder.

14.16Counterparts; Facsimile Execution. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. This Agreement may be executed by facsimile or electronically transmitted signatures and such signatures shall be deemed to bind each Party hereto as if they were original signatures.

14.17 References. Unless otherwise specified, (a) references in this Agreement to any Article, Section or Schedule shall mean references to such Article, Section or Schedule of this Agreement, (b) references in any Section to any clause are references to such clause of such Section, and (c) references to any agreement, instrument, or other document in this Agreement refer to such agreement, instrument, or other document as originally executed or, if subsequently amended, replaced, or supplemented from time to time, as so amended, replaced, or supplemented and in effect at the relevant time of reference thereto.

14.18 Construction. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders and the word "or" is used in the inclusive sense (and/or). Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The captions of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The term "including," "include," or "includes" as used

herein shall mean "including, but not limited to," and shall not limit the generality of any description preceding such term. 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. Each Party 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 will apply against the Party which drafted such terms and provisions.

[SIGNATURE PAGE FOLLOWS.]

THIS AGREEMENT IS EXECUTED by the authorized representatives of the Parties as of the Effective Date.

CYTOMX THERAPEUTICS, INC.	**ABBVIE IRELAND UNLIMITED COMPANY**
By: /s/ Sean McCarthy	By: /s/ Scott Reents
Name: Sean McCarthy	Name: Scott Reents
Title: President and CEO	Title: Director

Schedule 1.43

CD71 Sequence

[***]

Schedule 1.45

CD71 Dose-Escalation Success Criteria

Each of the success criteria below must be achieved in order for the CD71 Dose-Escalation Success Criteria to be achieved:
[***]

Schedule 1.47

CD71 GLP Tox Success Criteria

Each of the success criteria below must be achieved in order for the CD71 GLP Tox Success Criteria to be achieved:

[***]

Schedule 1.49

CD71 IND Success Criteria

Each of the success criteria below must be achieved in order for the CD71 IND Success Criteria to be achieved:

[***]

Schedule 1.53

CD71 Initial Development Plan and Budget Parameters

The following assumptions apply to this clinical plan:

[***]

Schedule 1.59

CD71 Research Plan

[***]

Schedule 1.87

Corporate Names

CytomX Therapeutics, Inc.

CYTOMX

PROBODY

Schedule 1.120

FTE Rates

[***]

Schedule 1.161

Manufacturing Cost

For purposes of the Agreement, "**Manufacturing Costs**" means costs that relate to a CD71 PDC or Licensed Product that is either (a) supplied by a Third Party, or (b) manufactured directly by AbbVie or an Affiliate of AbbVie, determined as follows:

[***]

Schedule 1.197

Preclinical POC Success Criteria

[***]

Schedule 1.247

Tool Patents

[***]

Schedule 7.2.5

Peer-Reviewed Publications

American Journal of Clinical Oncology
Kantar Health (syndicate data)
CA: A Cancer Journal for Clinicians
Nature Reviews Cancer
Lancet Oncology

Schedule 10.5

Form of Press Release

CytomX and AbbVie Announce Strategic Collaboration for Probody Drug Conjugates

- Companies to Jointly Develop and Commercialize Probody Drug Conjugates Directed Against CD71
- AbbVie to Receive the Right to License Probody Drug Conjugates for up to Two Additional Undisclosed Targets
- CytomX to Receive $30 Million Upfront Payment

SOUTH SAN FRANCISCO, Calif. and North Chicago, Ill., [April XX, 2016] (GLOBE NEWSWIRE) -- CytomX Therapeutics, Inc. (Nasdaq:CTMX) and AbbVie Inc. (NYSE: ABBV) today announced that they have entered into a collaboration to co-develop and co-commercialize Probody™ Drug Conjugates against CD71, also known as transferrin receptor 1 (TfR1). CD71 is highly expressed in a number of solid and hematologic cancers and has attractive molecular properties for efficient delivery of cytotoxic payloads to tumor cells. Probody therapeutics are designed to take advantage of unique conditions in the tumor microenvironment to enhance the tumor-targeting features of an antibody and reduce drug activity in healthy tissues.

"We believe that the Probody platform provides a differentiated opportunity to combine with our strength in antibody drug conjugates," said Steve Davidsen, Ph.D., vice president, oncology drug discovery, AbbVie. "We are encouraged by the promising preclinical data that CytomX has generated for their Probody drug conjugate programs to-date and look forward to working closely with their team. This collaboration will enable us to expand our innovative pipeline in antibody drug conjugates and leverage our strength in that area to previously unexplored targets."

"This collaboration is another important step toward achieving CytomX's vision of transforming lives with safer, more effective therapies and allows us to further advance our broad pipeline of Probody therapeutics," stated Sean McCarthy, D.Phil., president and chief executive officer at CytomX. "AbbVie has demonstrated leadership in developing antibody drug conjugates and we look forward to collaborating with their team to realize the full potential of our CD71 Probody drug conjugate program and additional oncology targets."

Probody therapeutics are designed to remain inactive until they are activated by proteases in the tumor microenvironment. As a result, Probody therapeutics bind selectively to tumors and avoid binding to healthy tissue, to minimize toxicity and potentially create safer, more effective therapies. CytomX has generated preclinical data that demonstrates that Probody drug conjugates can safely and effectively target tumor antigens, such as CD71, that are not addressable by conventional antibody-drug conjugates.

Under the terms of the agreement, CytomX and AbbVie will co-develop a Probody drug conjugate against CD71, with CytomX leading pre-clinical and early clinical development. AbbVie will lead later development and commercialization, with global late-stage development costs shared between the

two companies. CytomX will receive an upfront payment of $30 million and is eligible to receive up to $470 million in development, regulatory and commercial milestones, pending the achievement of pre-determined outcomes. AbbVie will lead global commercial activities with CytomX eligible to receive a profit share in the U.S. and tiered double-digit royalties on net product sales outside of the U.S. CytomX retains an option to co-promote in the U.S.

AbbVie also receives exclusive worldwide rights to develop and commercialize Probody drug conjugates against up to two additional, undisclosed targets. Should AbbVie ultimately pursue these targets, CytomX is eligible to receive additional milestone and royalty payments per target on any resulting products.

Conference Call / Webcast Information

CytomX will host a teleconference today at 8:30 a.m. EDT to discuss the strategic collaboration. Sean McCarthy, D.Phil., president and chief executive officer and Bob Goeltz, chief financial officer, will lead the teleconference. A live audio webcast of the presentation will be available through the Investor and News page of CytomX's website at http://ir.cytomx.com. An archived replay will be available for 90 days following the event.

About CytomX Therapeutics

CytomX is an oncology-focused biopharmaceutical company pioneering a novel class of investigational antibody therapeutics based on its Probody technology platform. The company uses the platform to create development-stage proprietary cancer immunotherapies against clinically-validated targets, as well as to develop first-in-class investigational cancer therapeutics against novel targets. CytomX believes that its Probody platform has the potential to improve the combined efficacy and safety profile of monoclonal antibody modalities, including cancer immunotherapies, antibody drug conjugates and T-cell-recruiting bispecific antibodies. Probody therapeutics are designed to take advantage of unique conditions in the tumor microenvironment to enhance the tumor-targeting features of an antibody and reduce drug activity in healthy tissues. Investigational Probody therapeutics are being developed that address clinically-validated cancer targets in immuno-oncology, such as PD-L1, against which clinical candidate CX-072 is directed, as well as novel targets, such as CD166, that are difficult to drug without causing damage to healthy tissues, or toxicities. In addition to its proprietary programs, CytomX is collaborating with strategic partners including AbbVie Inc., Bristol-Myers Squibb Company, Pfizer Inc., MD Anderson Cancer Center, and ImmunoGen, Inc. For more information, visit www.cytomx.com.

About AbbVie Inc.

AbbVie is a global, research-based biopharmaceutical company formed in 2013 following separation from Abbott Laboratories. The company's mission is to use its expertise, dedicated people and unique approach to innovation to develop and market advanced therapies that address some of the world's most complex and serious diseases. Together with its wholly-owned subsidiary, Pharmacyclics, AbbVie employs more than 28,000 people worldwide and markets medicines in more than 170 countries. For further information on the company and its people, portfolio and commitments, please visit www.abbvie.com. Follow @abbvie on Twitter or view careers on our Facebook or LinkedIn page.

Forward-Looking Statements

CytomX

This press release includes forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that are difficult to predict, may be beyond CytomX's control, and may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in such statements. Accordingly, you should not rely on any of these forward-looking statements. Our Probody platform is in preclinical development, and the process by which a preclinical technology could potentially lead to an approved product is long and subject to significant risks and uncertainties. Applicable risks and uncertainties include those relating to our preclinical research and development and other risks identified under the heading "Risk Factors" included in CytomX's filings with the SEC. The forward-looking statements contained in this press release are based on information currently available to CytomX and speak only as of the date on which they are made. CytomX does not undertake and specifically disclaims any obligation to update any forward-looking statements, whether as a result of any new information, future events, changed circumstances or otherwise.

AbbVie

Some statements in this news release may be forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "anticipate," "project" and similar expressions, among others, generally identify forward-looking statements. AbbVie cautions that these forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements. Such risks and uncertainties include, but are not limited to, challenges to intellectual property, competition from other products, difficulties inherent in the research and development process, adverse litigation or government action, and changes to laws and regulations applicable to our industry. Additional information about the economic, competitive, governmental, technological and other factors that may affect AbbVie's operations is set forth in Item 1A, "Risk Factors," of AbbVie's 2015 Annual Report on Form 10-K, which has been filed with the Securities and Exchange Commission. AbbVie undertakes no obligation to release publicly any revisions to forward-looking statements as a result of subsequent events or developments, except as required by law.

CytomX

Corporate Communications Contact:

Canale Communications
Ian Stone
ian@canalecomm.com
619-849-5388

Investor Contact:

Trout Group
Pete Rahmer
prahmer@troutgroup.com
646-378-2973

AbbVie
Media:
Adelle Infante
847-938-8745

Investors:
Liz Shea
847-935-2211

Schedule 11.2.2

Existing Patents

[***]

Schedule 14.7.3

ADR Procedures

[***]

Exhibit 10.2

Confidential
EXECUTION COPY

DISCOVERY COLLABORATION AND LICENSE AGREEMENT

between

CYTOMX THERAPEUTICS, INC.

and

ABBVIE IRELAND UNLIMITED COMPANY

Dated as of April 21, 2016

TABLE OF CONTENTS

SCHEDULES

DISCOVERY COLLABORATION AND LICENSE AGREEMENT

This Discovery Collaboration and License Agreement (the "**Agreement**") is made and entered into effective as of April 21, 2016 (the "**Effective Date**") by and between CytomX Therapeutics, Inc., a corporation organized under the laws of Delaware ("**Licensor**"), and AbbVie Ireland Unlimited Company, an unlimited company organized under the laws of Ireland ("**AbbVie**"). Licensor and AbbVie are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, Licensor controls certain intellectual property rights with respect to Probodies (as defined herein) in the Territory (as defined herein);

WHEREAS, Licensor and AbbVie desire to collaborate in the research and development of Discovery Probodies (as defined herein) in accordance with the terms and conditions set forth below; and

WHEREAS, Licensor wishes to grant a license to AbbVie, and AbbVie wishes to take, a license under such intellectual property rights to research and develop Discovery Probodies and to research, develop and commercialize Discovery PDCs (as defined herein) and Licensed Products (as defined herein) in the Territory (as defined herein), in each case in accordance with the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and the mutual promises and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows:

ARTICLE 1
DEFINITIONS

Unless otherwise specifically provided herein, the following terms shall have the following meanings:

1.1"**AbbVie**" has the meaning set forth in the preamble hereto.

1.2"**AbbVie Background Know-How**" means all Information that is **[***]**.

1.3"**AbbVie Background Patents**" means all Patents that are **[***]**.

1.4"**AbbVie Indemnitees**" has the meaning set forth in Section 12.2.

1.5"**AbbVie In-License Agreement**" means any existing agreements and any agreement entered into during the Term between AbbVie and a Third Party under which payments by AbbVie or its Affiliates are required for intellectual property covering the Development, Manufacture, or Commercialization of any Discovery PDC or Licensed Product, including any agreement entered into pursuant to Section 8.6, as such agreements may be amended from time-to-time.

1.6"**AbbVie Program Know-How**" means all Program Know-How **[***]**.

1.7"**AbbVie Program Patents**" means Program Patents that are **[***]**.

1.8"**Acceptance**" means, with respect to a Drug Approval Application, receipt of written notice from the applicable Regulatory Authority indicating that such Drug Approval Application has been accepted for filing and further review.

1.9"Accepted Target" has the meaning set forth in Section 2.1.4

1.10"**Accounting Standards**" means, with respect to a Party, that such Party shall maintain records and books of accounts in accordance with United States Generally Accepted Accounting Principles.

1.11"**Acquisition**" means, with respect to a Party, a merger, acquisition (whether of all of the stock or all or substantially all of the assets of a Person or any operating or business division of a Person) or similar transaction by or with the Party, other than a Change in Control of the Party.

1.12"**ADR**" has the meaning set forth in Section 14.7.1.

1.13"**Adverse Ruling**" has the meaning set forth in Section 13.2.1.

1.14"**Affiliate**" means, with respect to a Party, any Person that, directly or indirectly, through one (1) or more intermediaries, controls, is controlled by or is under common control with such Party. For purposes of this definition, "control" and, with correlative meanings, the terms "controlled by" and "under common control with" means (a) the possession, directly or indirectly, of the power to direct the management or policies of a Person, whether through the ownership of voting securities, by contract relating to voting rights or corporate governance, or otherwise; or (b) the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities or other ownership interest of a Person (or, with respect to a limited partnership or other similar entity, its general partner or controlling entity). The Parties acknowledge that in the case of certain entities organized under the laws of certain countries outside of the United States, the maximum percentage ownership permitted by law for a foreign investor may be less than fifty percent (50%), and that in such case such lower percentage shall be substituted in the preceding sentence, provided that such foreign investor has the power to direct the management or policies of such entity.

1.15"**Agreement**" has the meaning set forth in the preamble hereto.

1.16"**Alliance Manager**" has the meaning set forth in Section 3.2.5.

1.17"**Announced Reserved Program**" means the publicly announced internal programs of Licensor or its Affiliates as of the Effective Date that are set forth on Schedule 1.17 and involve a Probody that binds with the Target set forth on Schedule 1.17.

1.18"**Antibody(ies)**" means:

1.18.1an immunoglobulin (Ig) molecule, generally comprising four (4) polypeptide chains, two (2) heavy (H) chains and two (2) light (L) chains, or an equivalent Ig homologue thereof (e.g., a camelid nanobody, which comprises only a heavy chain, or single domain antibodies (dAbs) which can be either heavy or light chain); including full length functional mutants, variants, or derivatives thereof (including but not limited to chimeric,

veneered, humanized antibodies, fully human equivalents (e.g. created by guided selection or similar technology)), which retain the essential epitope binding features of an Ig molecule, and including dual specific, bispecific, multispecific, and dual variable domain immunoglobulins; Immunoglobulin molecules can be of any class (e.g., IgG, IgE, IgM, IgD, IgA, and IgY), or subclass (e.g., IgG1, IgG2, IgG3, IgG4, IgA1, and IgA2) and allotype; or

1.18.2a molecule comprising at least one (1) polypeptide chain that is not full length, including (a) a Fab fragment, which is a monovalent fragment consisting of the variable light (VL), variable heavy (VH), constant light (CL) and constant heavy 1 (CH1) domains; (b) a F(ab')2 fragment, which is a bivalent fragment comprising two (2) Fab fragments linked by a disulfide bridge at the hinge region; (c) a heavy chain portion of an Fab (Fd) fragment, which consists of the VH and CH1 domains; (d) a variable fragment (Fv) fragment, which consists of the VL and VH domains of a single arm of an antibody, (e) a domain antibody (dAb) fragment, which comprises a single variable domain; (f) an isolated complementarity determining region (CDR); (g) a Single Chain Fv Fragment; (h) a diabody, which is a bivalent, bispecific antibody in which VH and VL domains are expressed on a single polypeptide chain, but using a linker that is too short to allow for pairing between the two (2) domains on the same chain, thereby forcing the domains to pair with the complementarity domains of another chain and creating two (2) antigen binding sites; and (i) a linear antibody, which comprises a pair of tandem Fv segments (VH-CH1-VH-CH1) which, together with complementarity light chain polypeptides, form a pair of antigen binding regions; and (j) other non-full length portions of heavy and/or light chains, or mutants, variants, or derivatives thereof, alone or in any combination.

1.19"Antibody Criteria" means the criteria with respect to a Discovery Antibody set forth on Schedule 1.19.

1.20"**Applicable Law**" means federal, state, local, national and supra-national laws, statutes, rules, and regulations, including any rules, regulations, guidelines, or other requirements of the Regulatory Authorities, major national securities exchanges or major securities listing organizations, that may be in effect from time to time during the Term and applicable to a particular activity or country or other jurisdiction hereunder.

1.21"**Audit Arbitrator**" has the meaning set forth in Section 7.14.

1.22"**Bankruptcy Code**" has the meaning set forth in Section 13.5.1.

1.23"**Bayh Dole Act**" means the Patent and Trademark Law Amendments Act of 1980, as amended, codified at 35 U.S.C. §§ 200-212, as amended, as well as any regulations promulgated pursuant thereto, including in 37 C.F.R. Part 401.

1.24"**Biosimilar Application**" has the meaning set forth in Section 8.3.3.

1.25 "**Biosimilar Competition**" has the meaning set forth in Section 7.6.3(a).

1.26"**Biosimilar Product**" means, on a country-by-country basis, a biologic product (a) whose licensing, approval, or marketing authorization relies in whole or in part on a prior approval, licensing or marketing authorization granted any Licensed Product, (b) whose licensing, approval, or marketing authorization relies in whole or in part on any data generated in

support of a prior approval, licensing, or marketing authorization granted any Licensed Product; or (c) is determined by the FDA or other Regulatory Authority outside of the United States to be interchangeable with a Licensed Product, as set forth at 42 USC 262(k)(4) or other analogous Applicable Law outside of the United States. A Licensed Product licensed, marketed, sold, manufactured, or produced by AbbVie, its Affiliates or Sublicensees will not constitute a Biosimilar Product

1.27"**BLA**" has the meaning set forth in the definition of "Drug Approval Application.

1.28"**Blocking Third Party Payload IP**" means **[***]**.

1.29"**Blocking Third Party Platform IP**" means **[***]**.

1.30"**Board of Directors**" has the meaning set forth in the definition of "Change in Control."

1.31"**Breaching Party**" has the meaning set forth in Section 13.2.1.

1.32"**Business Day**" means a day other than a Saturday or Sunday on which banking institutions in New York, New York are open for business.

1.33"**Calendar Quarter**" means each successive period of three (3) calendar months commencing on January 1, April 1, July 1 and October 1, except that the first Calendar Quarter of the Term shall commence on the Effective Date and end on the day immediately prior to the first to occur of January 1, April 1, July 1 or October 1 after the Effective Date, and the last Calendar Quarter shall end on the last day of the Term.

1.34"**Calendar Year**" means each successive period of twelve (12) calendar months commencing on January 1 and ending on December 31, except that the first Calendar Year of the Term shall commence on the Effective Date and end on December 31 of the year in which the Effective Date occurs and the last Calendar Year of the Term shall commence on January 1 of the year in which the Term ends and end on the last day of the Term.

1.35 "**CD71 Agreement**" means the CD71 Co-Development and License Agreement dated as of the date hereof by and between the Parties.

1.36 "**Centralized Approval Procedure**" means the procedure through which a MAA filed with the EMA results in a single marketing authorization valid throughout the European Union.

1.37 "**Change in Control**," with respect to a Party, shall be deemed to have occurred if any of the following occurs after the Effective Date:

1.37.1any "person" or "group" (as such terms are defined below) (a) is or becomes the "beneficial owner" (as defined below), directly or indirectly, of shares of capital stock or other interests (including partnership interests) of such Party then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the directors, managers or similar supervisory positions ("**Voting Stock**") of such Party representing fifty percent (50%) or more of the total voting power of all outstanding classes of

Voting Stock of such Party or (b) has the power, directly or indirectly, to elect a majority of the members of the Party's board of directors, or similar governing body ("**Board of Directors**"); or

1.37.2such Party enters into a merger, consolidation or similar transaction with another Person (whether or not such Party is the surviving entity) and as a result of such merger, consolidation or similar transaction (a) the members of the Board of Directors of such Party immediately prior to such transaction constitute less than a majority of the members of the Board of Directors of such Party or such surviving Person immediately following such transaction or (b) the Persons that beneficially owned, directly or indirectly, the shares of Voting Stock of such Party immediately prior to such transaction cease to beneficially own, directly or indirectly, shares of Voting Stock of such Party representing at least a majority of the total voting power of all outstanding classes of Voting Stock of the surviving Person in substantially the same proportions as their ownership of Voting Stock of such Party immediately prior to such transaction; or

1.37.3such Party sells or transfers to any Third Party, in one (1) or more related transactions, properties or assets representing all or substantially all of such Party's assets to which this Agreement relates; or

1.37.4the holders of capital stock of such Party approve a plan or proposal for the liquidation or dissolution of such Party.

For the purpose of this definition of Change in Control, (a) "person" and "group" have the meanings given such terms under Section 13(d) and 14(d) of the United States Securities Exchange Act of 1934 and the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the said Act; (b) a "beneficial owner" shall be determined in accordance with Rule 13d-3 under the aforesaid Act; and (c) the terms "beneficially owned" and "beneficially own" shall have meanings correlative to that of "beneficial owner."

1.38 "**Clinical Data**" means all Information with respect to any Discovery PDC or Licensed Product and made, collected, or otherwise generated under or in connection with Clinical Studies or Phase IV Studies, including any data (including raw data), reports, and results with respect thereto.

1.39"**Clinical Studies**" means Phase 0, Phase I, Phase II, Phase III, and such other tests and studies in human subjects that are required by Applicable Law, or otherwise recommended by the Regulatory Authorities, to obtain or maintain Regulatory Approvals for a Licensed Product for one (1) or more Indications, including tests or studies that are intended to expand the Product Labeling for such Licensed Product with respect to such Indication.

1.40"**Combination Product**" means a Licensed Product containing **[***]**. By way of example, and not meant to limit the foregoing definition, a Combination Product includes:

1.40.1 a Licensed Product that contains **[***]**; and

1.40.2a Licensed Product that is **[***]**.

1.41 "**Commercialization**" means any and all activities directed to the preparation for sale of, offering for sale of, or sale of a Discovery PDC or Licensed Product, including activities related to marketing, promoting, distributing, importing and exporting such Discovery PDC or Licensed Product, and, for purposes of setting forth the rights and obligations of the Parties under this Agreement, shall be deemed to include conducting Medical Affairs Activities and conducting Phase IV Studies, and interacting with Regulatory Authorities regarding any of the foregoing. When used as a verb, "**to Commercialize**" and "**Commercializing**" means to engage in Commercialization, and "**Commercialized**" has a corresponding meaning.

1.42"**Commercially Reasonable Efforts**" means **[***]**.

1.43"**Competing Product**" means any product that **is or contains a Restricted Discovery Antibody, Probody or PDC that binds to an Accepted Target**.

1.44"**Competitor**" means any Person that **[***]**.

1.45"**Conduct**" means, with respect to any Clinical Study, to (a) sponsor, support or perform, directly or indirectly through a Third Party, such Clinical Study; or (b) provide to a Third Party funding for, or clinical supplies (including placebos) for use in, such Clinical Study.

1.46"**Confidential Information**" means any Information or data provided orally, visually, in writing or other form by or on behalf of one (1) Party (or an Affiliate or representative of such Party) to the other Party (or to an Affiliate or representative of such Party) in connection with this Agreement, whether prior to (including under the Prior CDA), on, or after the Effective Date, including Information relating to the terms of this Agreement, any Discovery Probody, Discovery PDC or any Licensed Product (including the Regulatory Documentation), any Exploitation of any Discovery Probody, Discovery PDC or any Licensed Product, any know-how with respect thereto developed by or on behalf of the disclosing Party or its Affiliates (including AbbVie Background Know-How, AbbVie Program Know-How, Licensor Background Know-How and Licensor Program Know-How, as applicable), or the scientific, regulatory or business affairs or other activities of either Party. Notwithstanding the foregoing, (a) Joint Program Know-How shall be deemed to be the Confidential Information of both Parties, and both Parties shall be deemed to be the receiving Party and the disclosing Party with respect thereto, (b) all Regulatory Documentation owned by AbbVie pursuant to Section 4.8.1 and all Confidential Information related to AbbVie Program Know-How shall be deemed to be the Confidential Information of AbbVie, and AbbVie shall be deemed to be the disclosing Party and Licensor shall be deemed to be the receiving Party with respect thereto, and (c) all Confidential Information related to Licensor Program Know-How shall be deemed to be the Confidential Information of Licensor, and Licensor shall be deemed to be the disclosing Party and AbbVie shall be deemed to be the receiving Party with respect thereto.

1.47"**Control**" means, with respect to any item of Information, Regulatory Documentation, material, Patent, or other property right, the possession of the right, whether directly or indirectly, and whether by ownership, license, covenant not to sue or otherwise (other than by operation of the license and other grants in Sections 6.1 or 6.2), to grant a license, sublicense or other right (including the right to reference Regulatory Documentation) to or under

such Information, Regulatory Documentation, material, Patent, or other property right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party.

1.48"**Corporate Names**" means the Trademarks and logos identified on Schedule 1.48 and such other names and logos as Licensor may designate in writing from time to time.

1.49"**Default Notice**" has the meaning set forth in Section 13.2.1.

1.50"**Delivery System**" has the meaning set forth in the definition of "Net Sales."

1.51"**Derived**" means in whole or in part obtained, developed, created, designed, derived or resulting from, based upon, containing, incorporating or otherwise generated from.

1.52"**Development**" means all activities related to **[***]** When used as a verb, "**Develop**" means to engage in Development. Development shall exclude **[***]**. For purposes of clarity, Development shall include **[***]**.

1.53 "**Discovery Antibody**" has the meaning set forth in Section 4.1

1.54 "**Discovery PDC**" means a PDC that, when activated, specifically binds to an Accepted Target.

1.55"**Discovery PDC Failure**" means **[***]**.

1.56"**Discovery PDC Success Criteria**" means the success criteria with respect to a Discovery PDC set forth on Schedule 1.56.

1.57 **"Discovery Probody**" means a Probody that, when activated, specifically binds to an Accepted Target.

1.58"Discovery Probody Delivery Deadline" means, on an Accepted Target-by-Accepted Target basis, (a) the date that is **[***]** after the date on which AbbVie delivers the Discovery Antibody sequence and other materials and data meeting the Antibody Criteria pursuant to Section 4.1 (whether for the initial Discovery Antibody or a replacement provided pursuant to Section 4.2(b) or Section 4.3(b)), (b) the date that is **[***]** after the JRC's determination pursuant to Section 4.2 that a Discovery Probody does not meet the Discovery Probody Success Criteria and AbbVie's selection, pursuant to Section 4.2(a), to have Licensor create a Discovery Probody based on the same Discovery Antibody, or (c) the date that is **[***]** after the JRC's determination pursuant to Section 4.3 that a Discovery PDC does not meet the Discovery PDC Success Criteria and AbbVie's selection, pursuant to Section 4.3(a), to have Licensor create a Discovery Probody based on the same Discovery Antibody, as applicable.

1.59 **"Discovery Probody Success Criteria**" means the criteria with respect to a Discovery Probody set forth on Schedule 1.59.

1.60 "**Discovery Research Plan**" means the research plan setting forth the activities (and timelines) for the conversion of Discovery Antibodies into Discovery Probodies and the conversion of Discovery Probodies into Discovery PDCs for each Accepted Target

attached as Schedule 1.60, as the same may be amended from time to time in accordance with the terms hereof.

1.61"**Dispute**" has the meaning set forth in Section 14.7.

1.62"**Distributor**" has the meaning set forth in Section 6.4.

1.63"**Divestiture**" means, **[***]**. When used as a verb, "**Divest**" and "**Divested**" means to cause a Divestiture.

1.64"**Dollars**" or "**$**" means United States Dollars.

1.65"**Drug Approval Application**" means a Biologics License Application (a "**BLA**") as defined in the FFDCA, or any corresponding foreign application in the Territory, including, with respect to the European Union, a Marketing Authorization Application (a "**MAA**") filed with the EMA pursuant to the Centralized Approval Procedure or with the applicable Regulatory Authority of a country in Europe with respect to the mutual recognition or any other national approval procedure.

1.66"**Effective Date**" means the effective date of this Agreement as set forth in the preamble hereto.

1.67"**EMA**" means the European Medicines Agency and any successor agency(ies) or authority having substantially the same function.

1.68"**E.U. Major Market Country**" means each of the following: **[***]**.

1.69"**European Union**" or "**E.U.**" means the economic, scientific, and political organization of member states known as the European Union, as its membership may be altered from time to time, and any successor thereto.

1.70"**Existing Patents**" has the meaning set forth in Section 11.2.1.

1.71"**Exploit**" or "**Exploitation**" means to make, have made, import, export, use, have used, sell, have sold, or offer for sale, including to Develop, Commercialize, register, modify, enhance, improve, Manufacture, have Manufactured, hold, or keep (whether for disposal or otherwise), or otherwise dispose of. Notwithstanding the foregoing, "Exploit" or "Exploitation" with respect to a Discovery PDC or Licensed Product does not include **[***]**.

1.72"**FDA**" means the United States Food and Drug Administration and any successor agency(ies) or authority having substantially the same function.

1.73"**FFDCA**" means the United States Federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 301 *et seq.*, as amended from time to time, together with any rules, regulations and requirements promulgated thereunder (including all additions, supplements, extensions, and modifications thereto).

1.74"**Field**" means **[***]**.

1.75"**First Commercial Sale**" means, with respect to a Licensed Product and a country, the first sale for monetary value for use or consumption by the end user of such Licensed Product in such country after Regulatory Approval for such Licensed Product has been obtained in such country. **[***]**

1.76"**Gatekeeper**" means an independent Third Party mutually agreeable to the Parties to be engaged by Licensor promptly, but in no case later than **[***]**, following the Effective Date for the purpose of confirming whether Nominated Targets are on the list of Unavailable Targets, on mutually agreeable terms, including provisions relating to confidentiality.

1.77 "**Gatekeeper Notice**" has the meaning set forth in Section 2.1.4.

1.78"**GLP Tox Study**" means a toxicology study that is conducted in compliance with the then-current good laboratory practice standards promulgated or endorsed by the FDA, as defined in U.S. 21 C.F.R. Part 58 (as they may be updated from time to time) and is required to meet the requirements for filing an IND in the United States.

1.79"**IMS**" has the meaning set forth in Section 7.6.3(a).

1.80"**IND**" means an application filed with a Regulatory Authority for authorization to commence Clinical Studies, including (a) an Investigational New Drug Application as defined in the FFDCA or any successor application or procedure filed with the FDA, (b) any equivalent of a United States IND in other countries or regulatory jurisdictions, (i.e., Clinical Trial Application (CTA)) and (c) all supplements, amendments, variations, extensions and renewals thereof that may be filed with respect to the foregoing.

1.81"**Indemnification Claim Notice**" has the meaning set forth in Section 12.3.

1.82"**Indemnified Party**" has the meaning set forth in Section 12.3.

1.83"**Indication**" means each separate and distinct disease, disorder, illness, health condition, or interruption, cessation or disruption of a bodily function, system, tissue type or organ, for which Regulatory Approval is required.

1.84"**Indirect Taxes**" has the meaning set forth in Section 7.10.

1.85"**Information**" means all knowledge of a technical, scientific, business and other nature, including know-how, technology, means, methods, processes, practices, formulae, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, apparatuses, specifications, data, results and other material, and other biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, pre-clinical, clinical, safety, manufacturing and quality control data and information, including study designs and protocols, reagents (e.g., plasmids, proteins, cell lines, assays and compounds) and biological methodology; in each case (whether or not confidential, proprietary, patented or patentable, of commercial advantage or not) in written, electronic or any other form now known or hereafter developed.

1.86"**Initiation**" or "**Initiate**" means, with respect to a Clinical Study, the first dosing of the first human subject in such Clinical Study.

1.87"**In-Licensed Patents**" has the meaning set forth in Section 11.2.3.

1.88"**Intellectual Property**" has the meaning set forth in Section 13.5.1.

1.89"Internal Reserved Program" means **[***]**.

1.90"**Joint Intellectual Property Rights**" means the Joint Program Know-How and Joint Program Patents.

1.91"Joint Program Know-How" means all Program Know-How that is: (a) related to a Discovery Probody, except to the extent exclusively related to the Licensor Platform or except to the extent exclusively related to the Discovery Antibody, or (b) is conceived, discovered, developed, or otherwise made jointly by or on behalf of AbbVie, or its Affiliates or sublicensees, on the one hand, and Licensor, or its Affiliates or sublicensees, on the other hand, but expressly excluding any AbbVie Program Know-How, Licensor Program Know-How, and Tools.

1.92"**Joint Program Patents**" means Program Patents (a) related to a Discovery Probody, except to the extent exclusively related to the Licensor Platform, or except to the extent exclusively related to the Discovery Antibody, or (b) conceived, discovered, developed, or otherwise made jointly by or on behalf of AbbVie, or its Affiliates or sublicensees, on the one hand, and Licensor, or its Affiliates or sublicensees, on the other hand, but expressly excluding any AbbVie Program Patents, Licensor Program Patents, and Tools.

1.93"**Joint Research Committee**" or "**JRC**" has the meaning set forth in Section 3.1.1.

1.94"**Knowledge**" means **[***]**.

1.95"**Licensed Product**" means any product comprising or containing a Discovery PDC **[***]** in any and all forms, presentations, delivery systems, dosages, strengths, and formulations.

1.96"**Licensor**" has the meaning set forth in the preamble hereto.

1.97"**Licensor Background Know-How**" means all Information that is Controlled by Licensor or any of its Affiliates on the Effective Date or during the Term, that is: **[***]**.

1.98"**Licensor Background Patents**" means all Patents, including those Patents identified on Schedule 11.2.1 that are: **[***]**.

1.99"**Licensor Indemnitees**" has the meaning set forth in Section 12.1.

1.100"**Licensor In-License Agreement**" means the Exclusive License Agreement by and between the Regents of the University of California (acting through its Santa Barbara campus) the ("**UCSB Agreement**") and Licensor, effective August 19, 2010, as amended, and any other agreement between Licensor and a Third Party under which AbbVie is granted a sublicense or other right under this Agreement as provided in Section 6.9.

1.101"**Licensor Platform**" means Licensor's proprietary Probody technology platform, including **[***]**.

1.102"**Licensor Program Know-How**" means all Program Know-How that is **[***]**.

1.103"**Licensor Program Patents**" means all Program Patents that are **[***]**.

1.104"**Licensor Prosecuted Infringement**" has the meaning set forth in Section 8.3.1(b).

1.105"**Linker**" means a compound or other substance used to link a Payload to an Antibody or Probody.

1.106"**Losses**" has the meaning set forth in Section 12.1.

1.107"**MAA**" has the meaning set forth in the definition of Drug Approval Application.

1.108"**Major Market**" means each of the **[***]**.

1.109"**Manufacture**" and "**Manufacturing**" means all activities related to the synthesis, making, production, processing, purifying, formulating, filling, finishing, packaging, labeling, shipping, and holding of the Discovery PDC, any Licensed Product, or any intermediate thereof, including process development, process qualification and validation, scale-up, pre-clinical, clinical and commercial production and analytic development, product characterization, stability testing, quality assurance, and quality control.

1.110"**Manufacturing Process**" has the meaning set forth in Section 5.7.2.

1.111"**Manufacturing Technology Transfer**" has the meaning set forth in Section 5.7.2.

1.112"**Markings**" has the meaning set forth in Section 5.6.

1.113"**Mask**" means a **[***]**.

1.114"**Medical Affairs Activities**" means, with respect to any country or other jurisdiction in the Territory, the coordination of medical information requests and field based medical scientific liaisons with respect to Discovery PDCs or Licensed Products, including activities of medical scientific liaisons and the provision of medical information services with respect to a Discovery PDC or Licensed Product.

1.115"**Mono Product**" has the meaning set forth in the definition of "Net Sales."

1.116"**Net Sales**" means, with respect to a Licensed Product for any period **[***]**:

(a) [***];

(b) [***];

(c) [***];

(d) [***];

(e) [***];

(f) [***];

(g) [***];

(h) [***];

(i) [***]; and

(j) [***].

1.117 [***]:

(i) **[***]**.

(ii) **[***]**.

(iii) **[***]**.

(iv) **[***]**.

1.118 "**Neutral**" has the meaning set forth in Schedule 14.7.3.

1.119"**New Target**" has the meaning set forth in Section 2.3.1.

1.120"**Nominated Target**" has the meaning set forth in Section 2.1.4.

1.121"**Non-Breaching Party**" has the meaning set forth in Section 13.2.1.

1.122"**Other Active Ingredient**" means any component that provides pharmacological activity or other direct therapeutic effect in the Field or that therapeutically affects the structure or any function of the body whereby such component **[***]**.

1.123"**Owned Patents**" has the meaning set forth in Section 11.2.3.

1.124"**Party**" and "**Parties**" has the meaning set forth in the preamble hereto.

1.125"**Party Development Activities**" means Development activities conducted in support of obtaining or maintaining Regulatory Approval of a Licensed Product in a country or other jurisdiction in the Territory pursuant to the Discovery Research Plan**.**

1.126"**Patents**" means (a) all national, regional and international 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 either of these, including divisionals, continuations, continuations-in-part, provisionals, converted provisionals, continued prosecution applications, (c) any and all patents that have issued or in the future issue from the foregoing patent applications ((a) and (b)), and (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((a), (b), and (c)) .

1.127"**Payload**" means (a) [***] compound, including **[***]** or (b) a compound that alone, or in combination with other compounds, has **[***]**.

1.128"**PDC**" or "**Probody Drug Conjugate**" means a Probody conjugated to a Payload using a Linker.

1.129"**Person**" means an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other similar entity or

organization, including a government or political subdivision, department or agency of a government.

1.130 "**Phase 0**" means an exploratory, first-in-human trial conducted in accordance with the FDA 2006 Guidance on Exploratory Investigational New Drug Studies (or the equivalent in any country or other jurisdiction outside of the United States) and designed to expedite the development of therapeutic or imaging agents by establishing very early on whether the agent behaves in human subjects as was anticipated from pre-clinical studies.

1.131"**Phase I**" means a human clinical trial of a Discovery PDC or Licensed Product, the principal purpose of which is a preliminary determination of safety, tolerability, pharmacological activity or pharmacokinetics in healthy individuals or patients, and which may include expansion to estimate activity in a specific patient cohort, or similar clinical study prescribed by the Regulatory Authorities, including the trials referred to in 21 C.F.R. §312.21(a), as amended.

1.132"**Phase II**" means a human clinical trial of a Licensed Product conducted in any country in the Territory (whether a standalone trial or a stage of a "Phase 1/2" clinical trial described in the protocol as the "Phase 2 portion", or a stage of a "Phase 2/3" clinical trial described in the protocol as the "Phase 2 portion") the principal purpose of which is (a) to evaluate the clinical efficacy, safety, pharmacodynamics or biological activity of such Product in the target patient population as its primary endpoint, or (b) determine anti-cancer activity in the applicable tumor type as its primary endpoint (as described in the protocol), in each case of clause (a) or (b), and is prospectively designed to generate sufficient data that may permit commencement of Phase III, or (c) that would otherwise satisfy the requirements of 21 C.F.R. § 312.21(b), or its foreign equivalent.

1.133"**Phase III**" means a human clinical trial of a Licensed Product conducted in any country in the Territory (whether a standalone trial or a stage of a "Phase 2/3" clinical trial described in the protocol as the "Phase 3 portion"): (a) with a defined dose or a set of defined doses of such Licensed Product designed to establish statistically significant efficacy and safety of such Licensed Product for the purpose of enabling the preparation and submission of a BLA to the competent Regulatory Authorities in a country of the Territory, or (b) where the results of such clinical trial are intended (if successful) to be used to establish both safety and efficacy of such Licensed Product in patients which are the subject of such trial and serve as the basis for initial or supplemental Regulatory Approval of such Licensed Product, or (c) that would otherwise satisfy requirements of 21 CFR 312.21(c), or its foreign equivalent.

1.134"**Phase IV Study**" means a post-marketing human clinical study: (a) for a Licensed Product with respect to any Indication as to which Regulatory Approval has been received or that is the subject of an investigator-initiated study program.

1.135 "**PHSA**" means the United States Public Health Service Act, as amended from time to time.

1.136"**PMDA**" means Japan's Pharmaceuticals and Medical Devices Agency and any successor agency(ies) or authority having substantially the same function.

1.137"**Prior CDA**" has the meaning set forth in Section 14.9.

1.138"**Probody**" means an Antibody that is linked to a Substrate and a Mask that is claimed by the Licensor Background Patents or the Program Patents or derives from, uses or is made using the Licensor Background Know-How or Program Know-How; where such Antibody is not conjugated to a Payload using a Linker.

1.139"**Product Information**" has the meaning set forth in Section 10.1.

1.140"**Product Infringement**" has the meaning set forth in Section 8.3.1.

1.141"**Product Labeling**" means, with respect to a Licensed Product in a country or other jurisdiction in the Territory, (a) the Regulatory Authority-approved full prescribing information for such Licensed Product for such country or other jurisdiction, including any required patient information, and (b) all labels and other written, printed, or graphic matter upon a container, wrapper, or any package insert utilized with or for such Licensed Product in such country or other jurisdiction.

1.142"**Product Trademarks**" means the Trademark(s) to be used by AbbVie or its Affiliates or its or their respective Sublicensees for the Development or Commercialization of Licensed Products in the Territory and any registrations thereof or any pending applications relating thereto in the Territory (excluding, in any event, any trademarks, service marks, names or logos that include any corporate name or logo of the Parties or their Affiliates).

1.143"**Program Know-How**" means all Information and inventions that are conceived, discovered, developed, or otherwise made by or on behalf of either Party or its Affiliates or sublicensees in connection with the work conducted under or in connection with this Agreement.

1.144"**Program Patents**" mean all Patents that are conceived, discovered, developed, or otherwise made by or on behalf of either Party or its Affiliates or sublicensees in connection with the work conducted under or in connection with this Agreement.

1.145"Proposed Future In-Licensed Rights" has the meaning set forth in Section 6.9.

1.146"**Proposed Target Information**" has the meaning set forth in Section 2.1.3.

1.147"**Publication Policies**" has the meaning set forth in Section 10.5.

1.148"**Regulatory Approval**" means, with respect to a country or other jurisdiction in the Territory, any and all approvals (including Drug Approval Applications), licenses, registrations, or authorizations of any Regulatory Authority necessary to Commercialize a Discovery PDC or Licensed Product in such country or other jurisdiction, including, where applicable, (a) pricing or reimbursement approval in such country or other jurisdiction, (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto), and (c) approval of Product Labeling.

1.149"**Regulatory Authority**" means any applicable supra-national, federal, national, regional, state, provincial, or local governmental or regulatory authority, agency, department, bureau, commission, council, or other entities (e.g., the FDA, EMA and PMDA)

regulating or otherwise exercising authority with respect to activities contemplated in this Agreement, including the Exploitation of the Discovery PDC or Licensed Products in the Territory.

1.150 "**Regulatory Documentation**" means all (a) applications (including all INDs and Drug Approval Applications), registrations, licenses, authorizations, and approvals (including Regulatory Approvals), (b) correspondence and reports submitted to or received from Regulatory Authorities (including minutes and official contact reports relating to any communications with any Regulatory Authority) and all supporting documents with respect thereto, including all regulatory drug lists, advertising and promotion documents, adverse event files, and complaint files, and (c) Clinical Data and data contained or relied upon in any of the foregoing, in each case ((a),(b) and (c)) relating to a Discovery PDC or Licensed Product.

1.151"**Regulatory Exclusivity**" means, with respect to any country or other jurisdiction in the Territory, an additional market protection, other than Patent protection, granted by a Regulatory Authority in such country or other jurisdiction which confers an exclusive Commercialization period during which AbbVie or its Affiliates or Sublicensees have an exclusive right to market and sell a Discovery PDC or Licensed Product in such country or other jurisdiction through a regulatory exclusivity right (e.g., new chemical entity exclusivity, new use or Indication exclusivity, new formulation exclusivity, orphan drug exclusivity, pediatric exclusivity, or any applicable data exclusivity).

1.152"**Replaced Target**" has the meaning set forth in Section 2.3.1.

1.153"**Restricted Discovery Antibody**" means **[***]**.

1.154 "**Royalty Term**" means, with respect to each Licensed Product and each country or other jurisdiction in the Territory, the period beginning on the date of the First Commercial Sale of such Licensed Product in such country or other jurisdiction, and ending on the later to occur of (a) the expiration, invalidation or abandonment date of the last: (i) Licensor Background Patent, (ii) Licensor Program Patent, or (iii) AbbVie Program Patent that claims the molecular structure of a Discovery PDC; any of which (i), (ii), or (iii) includes a Valid Claim that covers the manufacture, use or sale of such Licensed Product in such country or other jurisdiction, (b) the expiration of Regulatory Exclusivity in such country or other jurisdiction for such Licensed Product or (c) the tenth (10th) anniversary of the First Commercial Sale of such Licensed Product in such country or other jurisdiction.

1.155"**Second Accepted Target Fee**" has the meaning set forth in Section 7.2.

1.156"**Segregate**" means, **[***]**.

1.157"**Senior Officer**" means, with respect to Licensor, its President and Chief Executive Officer or his/her designee, and with respect to AbbVie, (a) for Development and Manufacturing, its Chief Scientific Officer or his/her designee and (b) for Commercialization matters, its Executive Vice President – Commercial Operations or his/her designee.

1.158"**Sublicensee**" means a Third Party, other than a Distributor, that has been granted by AbbVie a right to sell, market, distribute and/or promote a Licensed Product under the grants in Section 6.1; and "Sublicense" shall mean an agreement or arrangement granting

such rights. As used in this Agreement, "Sublicensee" shall not include a wholesaler or reseller of the Product who does not market or promote the Product.

1.159"Substitute Target" has the meaning set forth in Section 2.2.

1.160"**Substrate**" means **[***]**.

1.161"**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 posttranscriptional 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); in each case which have a biological function substantially identical to that of any biological molecules disclosed in clause (a).

1.162"**Target Acceptance Date**" has the meaning set forth in Section 2.1.4.

1.163"**Target Exchange**" has the meaning set forth in Section 2.3.

1.164"**Target Notice**" has the meaning set forth in Section 2.1.4.

1.165"**Term**" has the meaning set forth in Section 13.1.1.

1.166"**Terminated Target**" has the meaning set forth in Section 13.8.

1.167"**Terminated Territory**" means each Major Market with respect to which this Agreement is terminated by Licensor pursuant to Section 13.2.2, each country with respect to which this Agreement is terminated by AbbVie pursuant to Section 13.3.2, or, if this Agreement is terminated in its entirety, the entire Territory.

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

1.169"**Third Party**" means any Person other than Licensor, AbbVie and their respective Affiliates.

1.170"**Third Party Claims**" has the meaning set forth in Section 12.1.

1.171"**Third Party Manufacturers**" has the meaning set forth in Section 5.7.2.

1.172"**Third Party Provider**" has the meaning set forth in Section 4.7.

1.173"**Tools**" means any Patents, Program Know-How, Program Patents, or Information or other intellectual property right covering methods, processes, materials and tools to the extent generally applicable to the discovery of Masks or Substrates, or assays of the activity relating to such discovery, including the cleavage of Substrates, thereof. As of the Effective Date, the Patents among the Tools consist of the Patents listed in Schedule 1.173.

1.174"**Trademark**" means any word, name, symbol, color, designation or device or any combination thereof that functions as a source identifier, including any trademark, trade dress, brand mark, service mark, trade name, brand name, logo, business symbol or domain names, whether or not registered.

1.175"**Unavailable Target**" has the meaning set forth in Section 2.1.2.

1.176[***]

1.177"**United States**" or "**U.S.**" means the United States of America and its territories and possessions (including the District of Columbia and Puerto Rico).

1.178"**Valid Claim**" means a claim of any issued and unexpired Patent whose validity, enforceability, or patentability has not been affected by any of the following: (a) irretrievable lapse, abandonment, revocation, dedication to the public, or disclaimer; or (b) a holding, finding, or decision of invalidity, unenforceability, or non-patentability by a court, governmental agency, national or regional patent office, or other appropriate body that has competent jurisdiction, such holding, finding, or decision being final and unappealable or unappealed within the time allowed for appeal.

1.179"**Voting Stock**" has the meaning set forth in the definition of "Change in Control."

1.180"**Withholding Party**" has the meaning set forth in Section 7.9.

1.181"**Working Group**" has the meaning set forth in Section 3.5.

ARTICLE 2
TARGET NOMINATION AND EXCHANGE

2.1Target Nomination.

2.1.1 Subject to this ARTICLE 2, AbbVie has the right to select a total of up to two (2) Targets as Accepted Targets under this Agreement for purposes of Development and Commercialization of Discovery PDCs and Licensed Products. The first such Target must be initially nominated by AbbVie no later than the **[***]** anniversary of the Effective Date and the second such Target must initially be nominated by AbbVie no later than **[***]** following the Effective Date.

2.1.2 Licensor and the Gatekeeper shall maintain an up-to-date list of unavailable Targets ("**Unavailable Targets**") until the commencement of a GLP Tox Study of a Discovery PDC for the last existing Accepted Target. The list of Unavailable Targets shall be limited to **[***]**. Licensor shall notify the Gatekeeper promptly, but in no event later than **[***]**, if any Targets that were unavailable pursuant to subclauses (a), (b), (c) or (d) of this Section 2.1.2 become available for any reason, including **[***]**. Upon receipt of such notification, the Gatekeeper shall remove such Targets from the Unavailable Targets list.

2.1.3 At AbbVie's discretion, for no more than **[***]** Targets per Calendar Year, prior to nomination of a Target (whether pursuant to Section 2.1.4, 2.2 or 2.3), AbbVie may disclose such Target to Licensor's Alliance Manager and request in writing that Licensor's Alliance Manager provide in writing existing Information that is Controlled by Licensor or its Affiliates, and not subject to any obligations of confidentiality to any Third Party to the extent such Information relates to the expression of the Target on tumor compared to normal cells, expression of the Target on various tumors, and internalization propensity of Target (the "**Proposed Target Information**"). If AbbVie makes such a request, and provided that such Target is not on the list of Unavailable Targets, Licensor shall promptly make such Proposed

Target Information available to AbbVie's Alliance Manager. Upon AbbVie's request, Licensor shall also consider in good faith providing additional existing Information that is Controlled by Licensor or its Affiliates to the extent such Information is related to the proposed Target and would be useful to AbbVie in its evaluation of whether to nominate such Target. Upon written request from AbbVie, Licensor shall make Licensor's Alliance Manager (or his/her designee) available to discuss such Proposed Target Information. Unless and until such Target becomes an Accepted Target pursuant to this Agreement, any Proposed Target Information will be Confidential Information of Licensor; provided that in the event such Target becomes an Accepted Target pursuant to this Agreement, then such Proposed Target Information for such Accepted Target shall be used in accordance with the terms and conditions of this Agreement, including the confidentiality obligations set forth in ARTICLE 10. In the event that AbbVie requests such Proposed Target Information pursuant to this Section 2.1.3, AbbVie shall have no obligation to nominate the Target as an Accepted Target pursuant to Section 2.1.4. Notwithstanding anything herein to the contrary, in no way shall AbbVie's request for Proposed Target Information be deemed to be a nomination or reservation of the Target as an Accepted Target until such Target is formally nominated in accordance with the terms and conditions set forth in Section 2.1.4.

2.1.4 To nominate a Target, AbbVie shall provide the Gatekeeper with a confidential written description of each Target (the "**Nominated Target**") proposed for selection as an Accepted Target, including, to the extent available, the NCBI Entrez Gene Symbol and NCBI RefSeq accession number (Gene ID) for such Target (the "**Target Notice**"). Within **[***]** following the Gatekeeper's receipt of the Target Notice with respect to a Nominated Target, the Gatekeeper shall verify whether such Nominated Target is on the list of Unavailable Targets and notify AbbVie in writing ("**Gatekeeper Notice"**) whether such proposed Target is or is not on the Unavailable Target list. If the Gatekeeper Notice indicates that the Nominated Target is not on the Unavailable Target list, the Nominated Target shall automatically be accepted as a Target ("**Accepted Target**") on the date of AbbVie's receipt of such notice (the "**Target Acceptance Date**"), and the Parties will have all rights and obligations hereunder in connection with such Accepted Target (including exclusivity in accordance with Section 6.8) as of the Target Acceptance Date. If the Gatekeeper Notice indicates that the Nominated Target is on the Unavailable Target list, then (a) if such Nominated Target is subsequently removed from the list of Unavailable Targets and at that time two Targets are not Accepted Targets, the Gatekeeper shall provide written notice to AbbVie within **[***]** of such Nominated Target's removal therefrom and (b) AbbVie shall have the right to nominate an alternative Nominated Target (or the same Nominated Target, if it becomes available) in accordance with this Section 2.1.4 on or prior to the later of (i) the deadline set forth in Section 2.1.1 or (ii) the date that is **[***]** after AbbVie's receipt of such Gatekeeper Notice notwithstanding the deadline set forth in Section 2.1.1. In the event that one or more Third Parties has requested the same Unavailable Target and such Target is subsequently removed from the list of Unavailable Targets, the Gatekeeper will use reasonable best efforts to send notice to AbbVie and any such Third Party(ies) at the same time. In all cases, Licensor acknowledges and agrees that if AbbVie is the first Person to submit a Target Notice for a Target, AbbVie will be granted rights to such Target.

2.2[***]

2.3[***]

2.3.1[***]

2.3.2[***]

ARTICLE 3
COLLABORATION MANAGEMENT

3.1 Joint Research Committee.

3.1.1Formation. As soon as practical, but no later than **[***]**, after the first Target Acceptance Date, the Parties shall establish a joint research committee (the "**Joint Research Committee**" or "**JRC**"). The JRC shall consist of **[***]** representatives from **[***]**, each with the requisite experience and seniority to enable such person to make decisions on behalf of the Parties with respect to the issues falling within the jurisdiction of the JRC. From time to time, each Party may substitute one (1) or more of its representatives to the JRC on written notice to the other Party. The JRC shall be chaired on an annual rotating basis by a JRC representative of either AbbVie or Licensor, as applicable, with **[***]** providing the first such chairperson.

3.1.2Specific Responsibilities. The JRC shall develop the strategies for and oversee the research and discovery related activities relating to the conversion of Discovery Antibodies into Discovery Probodies and the conjugation of Discovery Probodies into Discovery PDCs in accordance with the Discovery Research Plan, and shall serve as a forum for the coordination of such activities. In particular, the JRC shall:

(a) periodically (no less often than quarterly) review and serve as a forum for discussing the Discovery Research Plan, and review and approve amendments thereto;

(b) serve as a forum for discussion of results from the conduct of activities under the Discovery Research Plan;

(c) for each Accepted Target, serve as a forum for determining if a Discovery Antibody has met the Antibody Criteria;

(d) for each Accepted Target, serve as a forum for determining if the Discovery Probody Success Criteria and Discovery PDC Success Criteria have been met;

(e) establish secure access methods (such as secure databases) for each Party to access research and discovery and other JRC related Information as contemplated under this Agreement;

(f) determine whether a Discovery PDC Failure has occurred; and

(g) perform such other functions as are set forth herein or as the Parties may mutually agree in writing, except where in conflict with any provision of this Agreement.

3.1.3 Disbandment. Upon completion of the Discovery Research Plan for a given Accepted Target, the JRC shall have no further responsibilities or authority under this Agreement with respect to that Accepted Target and the associated Discovery Probodies, Discovery PDCs and Licensed Products. Once the Discovery Research Plan has been completed for the second Accepted Target (or, if a second Target is not nominated prior to the deadline set forth in Section 2.1.1, the first Accepted Target), the JRC shall have no further responsibilities or authority under this Agreement with respect to that second Accepted Target and the associated Discovery Probodies, Discovery PDCs and Licensed Products. Once the Discovery Research Plan has been completed for both the first Accepted Target and, if applicable, second Accepted Target and all of AbbVie's rights to perform a Target Exchange or to nominate a Substitute Target have expired or been exercised, the JRC will be considered fully dissolved by the Parties. Additionally, in the event of an Acquisition by Licensor or Change in Control of Licensor, in each case, involving a Competitor, AbbVie shall have the right at any time and for any reason, effective upon written notice, to disband the JRC pursuant to Section 14.2.2.

3.2 General Provisions Applicable to JRC.

3.2.1 Meetings and Minutes. The JRC shall meet quarterly, or in each case as otherwise agreed to by the Parties, with the location of such meetings alternating between locations designated by Licensor and locations designated by AbbVie. The chairperson of the JRC shall be responsible for calling meetings on no less than **[***]** notice. Each Party shall make all proposals for agenda items and shall provide all appropriate information with respect to such proposed items at least **[***]** in advance of the applicable meeting; *provided,* that under exigent circumstances requiring input by the JRC, a Party may provide its agenda items to the other Party within a shorter period of time in advance of the meeting, or may propose that there not be a specific agenda for a particular meeting, so long as the other Party consents to such later addition of such agenda items or the absence of a specific agenda for such meeting. The chairperson of the JRC shall prepare and circulate for review and approval of the Parties minutes of each meeting within **[***]** after the meeting. The Parties shall agree on the minutes of each meeting promptly, but in no event later than the next meeting of the JRC. If the Parties cannot agree on the content of the minutes, the objecting Party shall append a notice of objection with the specific details of the objection to the proposed minutes.

3.2.2 Procedural Rules. The JRC shall have the right to adopt such standing rules as shall be necessary for its work, to the extent that such rules are not inconsistent with this Agreement. A quorum of the JRC shall exist whenever there is present at a meeting at least one (1) representative appointed by each Party. Representatives of the Parties on the JRC may attend a meeting either in person or by telephone, video conference or similar means in which each participant can hear what is said by, and be heard by, the other participants. Representation by proxy shall be allowed. The JRC shall take action by [***] of the representatives present at a meeting at which a quorum exists, with each Party having a [***], or by a written resolution signed by at least one (1) representative appointed by each Party. Employees or consultants of either Party that are not representatives of the Parties on the JRC may attend meetings of the JRC; *provided*, that such attendees (i) shall not vote or otherwise participate in the decision-making process of the JRC, and (ii) are bound by obligations of confidentiality and non-disclosure equivalent to those set forth in ARTICLE 10.

3.2.3JRC Dispute Resolution. If the JRC cannot, or does not, reach consensus on an issue at a meeting or within a period of [***] thereafter or such other period as the Parties may agree, then the dispute shall first be referred to the Senior Officers of the Parties, who shall confer in good faith on the resolution of the issue. Any final decision mutually agreed to by the Senior Officers shall be conclusive and binding on the Parties. If the Senior Officers are not able to agree on the resolution of any such issue within [***] after such issue was first referred to them, then:

(a) [***]

(b) [***]

(c) [***]

3.2.4Limitations on Authority. Each Party shall retain the rights, powers, and discretion granted to it under this Agreement and no such rights, powers, or discretion shall be delegated to or vested in the JRC unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing. The JRC shall not have the power to amend, modify, or waive compliance with this Agreement, which may only be amended or modified as provided in Section 14.9 or compliance with which may only be waived as provided in Section 14.11.

3.2.5Alliance Manager. Each Party shall appoint an individual to be the point of contact within each Party (the "**Alliance Manager**") with responsibility for facilitating communication between the Parties for all matters between meetings of the JRC, including communication between the Parties regarding the Discovery Activities and Party Development Activities. The Alliance Manager of each Party may be a member of the JRC. If the Alliance Manager of each Party is not a JRC member, then the Alliance Manager may attend JRC meetings as a non-voting participant. The Alliance Manager shall facilitate resolution of potential and pending issues and potential disputes to enable the JRC to try to reach consensus and avert escalation of such issues or potential disputes, if possible.

3.3Discontinuation of Participation on the JRC. Subject to Sections 3.1.3, and 14.2.2, the JRC shall continue to exist until the Parties mutually agreeing to disband the JRC.

3.4Interactions Between a JRC and Internal Teams. The Parties recognize that each Party possesses an internal structure (including various committees, teams and review boards) that will be involved in administering such Party's activities under this Agreement. Nothing contained in this Article shall prevent a Party from making routine day-to-day decisions relating to the conduct of those activities for which it has a performance or other obligations hereunder, in each case in a manner consistent with the then-current applicable plan and the terms and conditions of this Agreement.

3.5Working Groups. From time to time, the JRC may establish and delegate duties to sub-committees or directed teams (each, a "**Working Group**") on an "as-needed" basis to oversee particular projects or activities (for example, joint project team, joint finance group, and/or joint intellectual property group). Each such Working Group shall be constituted and shall operate as the JRC determines; provided that each Working Group shall have equal representation from each Party, unless otherwise mutually agreed. Working Groups

may be established on an ad hoc basis for purposes of a specific project or on such other basis as the JRC may determine. Each Working Group and its activities shall be subject to the oversight, review and approval of, and shall report to, the JRC that formed said Working Group. In no event shall the authority of the Working Group exceed that specified for the JRC that formed the Working Group to this Article. All decisions of a Working Group shall be by consensus. Any disagreement between the designees of AbbVie and Licensor on a Working Group shall be referred to the JRC that formed the Working Group for resolution.

3.6Expenses. Each Party shall be responsible for all travel and related costs and expenses for its members and other representatives to attend meetings of, and otherwise participate on, a Committee or other Working Group.

ARTICLE 4
DEVELOPMENT AND REGULATORY

4.1Antibody Sequence Delivery. For each Accepted Target, AbbVie will use Commercially Reasonable Efforts to deliver to Licensor the sequence of an Antibody Controlled by AbbVie that specifically binds to such Accepted Target and that AbbVie believes meets the Antibody Criteria (the "**Discovery Antibody**"), together with related materials and data as set forth in the Discovery Research Plan. Following such delivery, Licensor will promptly evaluate whether such Discovery Antibody meets the Antibody Criteria in accordance with the Discovery Research Plan and the timeline set forth therein. If the JRC determines that a Discovery Antibody does not meet the Antibody Criteria, the JRC will promptly provide AbbVie with written notice identifying the deficiencies and AbbVie may, in its sole discretion and upon written notice to Licensor, elect to either (a) select a new Discovery Antibody for the existing Accepted Target or (b) select a Substitute Target pursuant to Section 2.2. Following AbbVie's selection, this Section 4.1 will apply with respect to the new Discovery Antibody.

4.2Creation of Discovery Probodies. For each Accepted Target (including any Substitute Target or New Target), following delivery by AbbVie of the sequence for a Discovery Antibody meeting the Antibody Criteria, Licensor will use Commercially Reasonable Efforts to create Discovery Probodies containing the Discovery Antibody in accordance with the Discovery Research Plan and the timeline set forth therein. As further detailed in the Discovery Research Plan, for each Accepted Target Licensor will deliver to AbbVie by the Discovery Probody Delivery Deadline sequences, materials and data for all Discovery Probodies that Licensor believes meet the Discovery Probody Success Criteria. Following AbbVie's receipt of the foregoing, AbbVie will promptly evaluate whether the Discovery Probody Success Criteria have been met, and the JRC shall determine whether such Discovery Probody Success Criteria have been met. If the JRC determines that the Discovery Probody Success Criteria have not been met by the Discovery Probody Delivery Deadline AbbVie may, in its sole discretion, (a) provide written notice to Licensor identifying the deficiencies and Licensor will use Commercially Reasonable Efforts to create new Discovery Probodies containing the same Discovery Antibody previously used for such Accepted Target by the new Discovery Probody Delivery Deadline and submit the sequences, materials and data for such Discovery Probodies to AbbVie in accordance with this Section 4.2, (b) provide Licensor with the sequence, materials and data of a new Discovery Antibody for such Accepted Target that meets the Antibody Criteria

pursuant to Section 4.1 and Licensor will use Commercially Reasonable Efforts to create new Discovery Probodies containing the new Discovery Antibody for such Accepted Target by the new Discovery Probody Delivery Deadline and submit the sequences, materials and data for such Discovery Probodies to AbbVie in accordance with this Section 4.2 or (c) select a Substitute Target pursuant to Section 2.2.

4.3Creation of Discovery PDCs. For each Accepted Target, following AbbVie's receipt of Discovery Probody sequences, materials and data pursuant to Section 4.2 and the JRC's determination that the Discovery Probody Success Criteria have been met by the Discovery Probody Delivery Deadline, AbbVie shall use Commercially Reasonable Efforts to create at least one Discovery PDC containing a Discovery Probody generated by Licensor in accordance with the Discovery Research Plan. Following AbbVie's generation (or attempted generation) of such Discovery PDC, AbbVie will evaluate whether the Discovery PDC Success Criteria have been met, and the JRC shall determine whether such Discovery Probody Success Criteria have been met. If the JRC determines that the Discovery PDC Success Criteria have not been met, AbbVie may, in its sole discretion, (a) provide written notice to Licensor identifying the deficiencies and Licensor will, as soon as reasonably practicable (but in no case later than the new Discovery Probody Delivery Deadline), create new Discovery Probodies containing the same Discovery Antibody previously used for such Accepted Target and submit the sequences, materials and data for such Discovery Probodies to AbbVie in accordance with Section 4.2, (b) provide Licensor with the sequence, materials and data of a new Discovery Antibody for such Accepted Target that meets the Antibody Criteria pursuant to Section 4.1 and Licensor will, as soon as reasonably practicable (but in no case later than the new Discovery Probody Delivery Deadline), create new Discovery Probodies containing the new Discovery Antibody for such Accepted Target and submit the sequences, materials and data for such Discovery Probodies to AbbVie in accordance with Section 4.2 (c) select a Substitute Target pursuant to Section 2.2.

4.4Development of Discovery PDCs and Licensed Products. For each Accepted Target, following the applicable Target Acceptance Date, except for Licensor's responsibilities in the conduct of the Discovery Research Plan, AbbVie shall have the sole right to Develop and Manufacture (and shall control all aspects of Development and Manufacturing), including seeking Regulatory Approvals for, Discovery PDCs and Licensed Products in the Field and in the Territory and, for clarity, Licensor and its Affiliates shall have no right to do so. For each Accepted Target, following the creation of the applicable Discovery PDCs, AbbVie shall use Commercially Reasonable Efforts to Develop a Licensed Product for at least one Indication for use in each Major Market. AbbVie shall have the right to satisfy its diligence obligations under this Section 4.4 through its Affiliates or Sublicensees. [***]

4.5Supply of Technology for Development Purposes. On an Accepted Target-by-Accepted Target basis:

(a) Licensor shall, and shall cause its Affiliates to, without additional compensation, disclose and make available to AbbVie, in whatever form AbbVie may reasonably request, Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, and any other Information claimed or covered by any Licensor Background Patent, Licensor Program Patent or Joint Program Patent, in each

case to the extent relating to the Discovery Probodies (including sequence information), promptly following the creation of the Discovery Probodies pursuant to Section 4.2, and otherwise promptly after the development, making conception or reduction to practice of such Information. Notwithstanding the foregoing, Licensor shall have no obligation to provide any Tools to AbbVie.

(b) Licensor, at its sole cost and expense, shall provide AbbVie with reasonable assistance required in order to transfer to AbbVie the Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, and other Information required to be produced pursuant to clause (a) above, in each case in a timely manner, and shall assist AbbVie with respect to the Exploitation of any Discovery PDC and any Licensed Products. Without prejudice to the generality of the foregoing, if visits of Licensor's representatives to AbbVie's facilities are reasonably requested by AbbVie for purposes of transferring the Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, or other Information to AbbVie or for purposes of AbbVie acquiring expertise on the practical application of such Information or assisting on issues arising during such Exploitation, Licensor shall send appropriate representatives to AbbVie's facilities for reasonable time periods.

4.6Expenses. Except as expressly set forth in this Agreement, each Party shall bear all costs and expenses associated with the Development activities for which such Party is responsible under this Agreement and the Discovery Research Plan.

4.7Subcontracting. Each Party shall have the right to subcontract any of its Party Development Activities to a Third Party (a "**Third Party Provider**"); *provided*, that Licensor must (a) furnish AbbVie with advanced written notice thereof, which notice shall specify the work to be subcontracted, (b) secure AbbVie's prior written consent to such Third Party Provider and the activities to be subcontracted (including consent through designating Third Party Providers in the Discovery Research Plan approved by AbbVie) and (c) obtain a written undertaking from the Third Party Provider that it shall be subject to the applicable terms and conditions of this Agreement, including the confidentiality provisions of ARTICLE 10. Licensor shall include AbbVie in any discussions and negotiations with any such Third Party Provider and shall follow AbbVie's instructions with respect to any decision pertaining to Licensor's arrangement with such Third Party.

4.8Regulatory Matters.

4.8.1Regulatory Activities.

(a) As between the Parties, AbbVie shall have the sole right to prepare, obtain, and maintain the Drug Approval Applications (including the setting of the overall regulatory strategy therefor), other Regulatory Approvals and other submissions, and to conduct communications with the Regulatory Authorities, for Discovery PDCs or Licensed Products in the Territory (which shall include filings of or with respect to INDs and other filings or communications with the Regulatory Authorities). Licensor shall support AbbVie, as may be reasonably necessary, in obtaining Regulatory Approvals for the Licensed Products, and in the activities in support thereof, including providing necessary documents or other materials required

by Applicable Law to obtain Regulatory Approvals, in each case in accordance with the terms and conditions of this Agreement and the Discovery Research Plan.

(b) All Regulatory Documentation (including all Regulatory Approvals and Product Labeling) relating to the Discovery PDCs or Licensed Products with respect to the Territory shall be owned by, and shall be the sole property and held in the name of, AbbVie or its designated Affiliate, Sublicensee or designee. Licensor shall duly execute and deliver, or cause to be duly executed and delivered, such instruments and shall do and cause to be done such acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary under, or as AbbVie may reasonably request in connection with, or to carry out more effectively the purpose of, or to better assure and confirm unto AbbVie its rights under, this Section.

4.8.2Recalls. AbbVie shall make every reasonable effort to notify Licensor promptly following its determination that any event, incident, or circumstance has occurred that may result in the need for a recall, market suspension, or market withdrawal of a Licensed Product in the Territory, and shall include in such notice the reasoning behind such determination, and any supporting facts. AbbVie (or its Sublicensee) shall have the right to make the final determination whether to voluntarily implement any such recall, market suspension, or market withdrawal in the Territory. If a recall, market suspension, or market withdrawal is mandated by a Regulatory Authority in the Territory, AbbVie (or its Sublicensee) shall initiate such a recall, market suspension, or market withdrawal in compliance with Applicable Law. For all recalls, market suspensions or market withdrawals undertaken pursuant to this Section 4.8.2, AbbVie (or its Sublicensee) shall be solely responsible for the execution thereof, and Licensor shall reasonably cooperate in all such recall efforts. Subject to ARTICLE 12, (i) in the event that a recall, market suspension, or market withdrawal resulted from a Party's or its Affiliate's breach of its obligations hereunder, or from such Party's or its Affiliate's negligence or willful misconduct, such Party shall bear the expense of such recall, market suspension, or market withdrawal and (ii) with respect to any recall, market suspension, or market withdrawal not covered by clause (i), AbbVie shall be responsible for all costs of such recall, market suspension, or market withdrawal.

4.9Compliance. Licensor shall perform or cause to be performed, any and all of its Party Development Activities under the Discovery Research Plan in good scientific manner and in compliance with all Applicable Law.

4.10Records.

4.10.1 Each of Licensor and AbbVie shall, and shall ensure that its Third Party Providers, maintain records in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, and in compliance with Applicable Law, which shall be complete and accurate and shall properly reflect all work done and results achieved in the performance of its designated Party Development Activities which shall record only such activities and shall not include or be commingled with records of activities outside the scope of this Agreement. Such records shall be retained by Licensor or AbbVie, as the case may be, for at least **[***]** after the termination of this Agreement, or for such longer period as may be required

by Applicable Law. Upon request, Licensor shall provide copies of the records it has maintained pursuant to this Section 4.10.1 to AbbVie.

4.10.2 AbbVie shall have the right, during normal business hours and upon reasonable notice, to inspect and copy all records of Licensor maintained pursuant to Section 4.10.1. AbbVie shall maintain such records and the information disclosed therein in confidence in accordance with ARTICLE 10.

ARTICLE 5
COMMERCIALIZATION

5.1In General. AbbVie (itself or through its Affiliates or Sublicensees) shall have the sole right to Commercialize Discovery PDCs and Licensed Products in the Territory at its own cost and expense.

5.2Diligence. On an Accepted Target-by-Accepted Target basis, AbbVie shall use Commercially Reasonable Efforts to Commercialize one Licensed Product in each Major Market following receipt of Regulatory Approval therefor in such Major Market**;** *provided*, that such obligation is expressly conditioned upon Licensor's and its Affiliates' performing their respective obligations hereunder. Licensor acknowledges and agrees that, in addition to the foregoing, (A) AbbVie shall have the right to satisfy its diligence obligations hereunder through its Affiliates or Sublicensees [***].

5.3Statements and Compliance with Applicable Law. AbbVie shall, and shall cause its Affiliates to, comply with all Applicable Law with respect to the Commercialization of Licensed Products.

5.4Booking of Sales; Distribution. AbbVie shall have the sole right to invoice and book sales, establish all terms of sale (including pricing and discounts) and warehousing, and distribute the Licensed Products in the Territory and to perform or cause to be performed all related services. AbbVie shall handle all returns, recalls, or withdrawals, order processing, invoicing, collection, distribution, and inventory management with respect to the Licensed Products in the Territory.

5.5Product Trademarks. Subject to Section 5.6, AbbVie shall have the sole right to determine and own the Product Trademarks to be used with respect to the Exploitation of the Licensed Products on a worldwide basis. Licensor shall not, and shall not permit its Affiliates to, (a) use in their respective businesses, any Trademark that is confusingly similar to, misleading or deceptive with respect to or that dilutes any (or any part) of the Product Trademarks, and (b) do any act which endangers, destroys, or similarly affects, in any material respect, the value of the goodwill pertaining to the Product Trademarks. Licensor agrees, and shall cause its Affiliates, to conform (i) to the customary industry standards for the protection of Product Trademarks for products and such guidelines of AbbVie with respect to manner of use (as provided in writing by AbbVie) of the Product Trademarks, and (ii) to maintain the quality standards of AbbVie with respect to the goods sold and services provided in connection with such Product Trademarks. Licensor shall not, and shall not permit its Affiliates to, attack,

dispute, or contest the validity of or ownership of such Product Trademark anywhere in the Territory or any registrations issued or issuing with respect thereto.

5.6Markings. To the extent required by Applicable Law in a country or other jurisdiction in the Territory, the promotional materials, packaging, and Product Labeling for the Licensed Products used by AbbVie and its Affiliates in connection with the Licensed Products in such country or other jurisdiction shall contain (a) the Corporate Name of Licensor, and (b) the logo and corporate name of the manufacturer (if other than AbbVie or an Affiliate) (collectively, the "**Markings**").

5.7Commercial Supply of Discovery PDCs or Licensed Products.

5.7.1Commercial Supply of Discovery PDCs or Licensed Products. As between the Parties, AbbVie shall have the sole right, at its expense, to Manufacture (or have Manufactured) and supply Discovery PDCs and Licensed Products for commercial sale in the Territory by AbbVie and its Affiliates and Sublicensees.

5.7.2Manufacturing Technology Transfer Upon AbbVie's Request. AbbVie shall have the right, at any time and from time to time after the Effective Date, to require Licensor to effect a full transfer to AbbVie or its designee (which designee may be an Affiliate or a Third Party manufacturer, and which Third Party manufacturer may be a backup manufacturer or a second manufacturer of Discovery PDC or Licensed Product) of all Licensor Background Know-How, Licensor Program Know-How and Joint Program Know-How relating to the then-current process necessary or useful for the Manufacture of the Discovery Probodies, (the "**Manufacturing Process**") and to implement the Manufacturing Process at facilities designated by AbbVie (such transfer and implementation, as more fully described in this Section 5.7.2, the "**Manufacturing Technology Transfer**"). Licensor shall provide, and shall cause its Third Party manufacturers that have manufactured Discovery Probodies ("**Third Party Manufacturers**") to provide, all reasonable assistance requested by AbbVie to enable AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to implement the Manufacturing Process at the facilities designated by AbbVie. If requested by AbbVie, such assistance shall include facilitating the entering into of agreements with applicable Third Party Manufacturers relating to Discovery Probodies. Without limitation to the foregoing, in connection with each Manufacturing Technology Transfer, Licensor shall, and shall cause its Third Party Manufacturers to:

(a) make available to AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) from time to time as AbbVie may request, all Manufacturing-related Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, Information and materials relating to the Manufacturing Process, and all documentation constituting material support, performance advice, shop practice, standard operating procedures, specifications as to materials to be used and control methods, that are reasonably necessary or useful to enable AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to use and practice the Manufacturing Process;

(b) cause all appropriate employees and representatives of Licensor and its Affiliates and all appropriate employees and representatives of its Third Party Manufacturers to meet with employees or representatives of AbbVie (or its Affiliate or

designated Third Party manufacturer, as applicable) at the applicable manufacturing facility at mutually convenient times to assist with the working up and use of the Manufacturing Process and with the training of the personnel of AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to the extent reasonably necessary or useful to enable AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to use and practice the Manufacturing Process;

(c) Without limiting the generality of clause (b) above, cause all appropriate analytical and quality control laboratory employees and representatives of Licensor and its Affiliates and all appropriate analytical and quality control employees and representatives of its Third Party Manufacturers to meet with employees or representatives of AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) at the applicable manufacturing facility and make available all necessary equipment, at mutually convenient times, to support and execute the transfer of all applicable analytical methods and the validation thereof (including, all applicable Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, methods, validation documents and other documentation, materials and sufficient supplies of all primary and other reference standards);

(d) take such steps as are reasonably necessary or useful to assist in reasonable respects AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) in obtaining any necessary licenses, permits or approvals from Regulatory Authorities with respect to the Manufacture of Discovery Probodies at the applicable facilities; and

(e) provide such other assistance as AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) may reasonably request to enable AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to use and practice the Manufacturing Process and otherwise to Manufacture Discovery Probodies

5.7.3Subsequent Manufacturing Technology Transfer. Without limiting the foregoing, in the event that Licensor makes any invention, discovery, or improvement relating to the Manufacture of a Discovery Probody, a Discovery PDC or a Licensed Product after Licensor has conducted a technology transfer pursuant to Section 5.7.2, Licensor shall, promptly disclose such invention, discovery, or improvement to AbbVie, and shall, at AbbVie's request and at AbbVie's sole cost and expense, perform technology transfer with respect to such invention, discovery, or improvement in the same manner as provided in Section 5.7.2.

ARTICLE 6
GRANT OF RIGHTS

6.1Grants to AbbVie.

6.1.1 Upon the Effective Date, Licensor (on behalf of itself and its Affiliates) hereby grants to AbbVie, on an Accepted Target-by-Accepted Target basis:

(a) an exclusive (including with regard to Licensor and its Affiliates, except as provided in Section 6.6) license (or sublicense), with the right to grant

sublicenses in accordance with Section 6.3, under the Licensor Background Patents, the Licensor Program Patents, the Licensor Background Know-How, the Licensor Program Know-How and Licensor's interests in the Joint Program Patents and the Joint Program Know-How, to (a) characterize and test Discovery Probodies; (b) use Discovery Probodies to Manufacture and Develop Discovery PDCs and (c) Exploit the Discovery PDCs and Licensed Products in the Field in the Territory;

(b) an exclusive (including with regard to Licensor and its Affiliates, except as provided in Section 6.6) license and right of reference, with the right to grant sublicenses and further rights of reference in accordance with Section 6.3, under the Regulatory Approvals and any other Regulatory Documentation that Licensor or its Affiliates may Control with respect to the Discovery Probodies, Discovery PDCs or Licensed Products as necessary for purposes of Exploiting the Discovery PDCs and Licensed Products in the Field in the Territory; and

(c) subject to Section 8.1.6, a non-exclusive license, with the right to grant sublicenses in accordance with Section 6.3, to use (a) Licensor's Corporate Names solely as required to Exploit the Discovery PDCs or Licensed Products in the Field in the Territory, or (b) the trademark "Probody" to Exploit the Discovery PDCs or Licensed Products in the Field in the Territory, and in each case for no other purpose.

6.1.2 The grants set forth in Section 6.1.1 will automatically come into full force and effect on the Target Acceptance Date for such Accepted Target without any further action required by either Party under this Agreement.

6.2 Grants to Licensor.

6.2.1 Upon the Effective Date, AbbVie grants to Licensor, on an Accepted Target-by-Accepted Target basis, a non-exclusive, royalty-free license, without the right to grant sublicenses (other than to permitted subcontractors of Licensor in accordance with Section 4.7), under the AbbVie Background Patents, AbbVie Background Know-How, AbbVie Program Patents, and AbbVie Program Know-How, claiming or covering Discovery Antibodies, to Develop and Manufacture the Discovery Probodies in the Territory solely for purposes of performing its obligations as set forth in, and subject to, the Discovery Research Plan.

6.2.2 The grants set forth in Section 6.2.1 will automatically come into full force and effect on the Target Acceptance Date for such Accepted Target without any further action required by either Party under this Agreement.

6.3 Sublicenses. AbbVie shall have the right to grant sublicenses (or further rights of reference), through multiple tiers of sublicensees, under the licenses and rights of reference granted in Section 6.1, to its Affiliates and other Persons; *provided* that AbbVie shall remain responsible for its obligations under this Agreement and shall be responsible for the performance of the relevant Sublicensee, and any such sublicenses shall be consistent with the terms and conditions of this Agreement.

6.4 Distributorships . AbbVie shall have the right, in its sole discretion, to appoint its Affiliates, and AbbVie and its Affiliates shall have the right, in their sole discretion, to appoint any other Persons, in the Territory or in any country or other jurisdiction of the

Territory, to distribute, market, and sell the Licensed Products (with or without packaging rights), in circumstances where the Person purchases its requirements of Licensed Products from AbbVie or its Affiliates. Where AbbVie or its Affiliates appoints such a Person and such Person is not an Affiliate of AbbVie, that Person shall be a "**Distributor**" for purposes of this Agreement. The term "**packaging rights**" in this Section means the right for the Distributor to package Licensed Products supplied in unpackaged bulk form into individual ready-for-sale packs.

6.5Co-Promotion Rights. For purposes of clarity, AbbVie and its Affiliates shall have the right, in their sole discretion, to co-promote the Licensed Products with any other Person(s), or to appoint one (1) or more Third Parties to promote the Licensed Products without AbbVie in all or any part of the Territory.

6.6Retention of Rights.

6.6.1 Notwithstanding the exclusive licenses granted to AbbVie pursuant to Section 6.1, Licensor retains the right to practice under the Licensor Background Patents, the Licensor Program Patents, the Licensor Background Know-How, the Licensors Program Know-How, Licensor's interests in the Joint Program Patents and the Joint Program Know-How, Regulatory Approvals and any other Regulatory Documentation solely to perform (and to sublicense Third Parties to perform as permitted hereunder) its obligations under this Agreement. Except as expressly provided herein, Licensor grants no other right or license, including any rights or licenses to the Licensor Background Patents, the Licensor Program Patents, the Licensor Background Know-How, the Licensor Program Know-How, the Regulatory Documentation, the Licensor Corporate Names, or any other Patent, Other Active Ingredient or intellectual property rights not otherwise expressly granted herein.

6.6.2 Except as expressly provided herein, AbbVie grants no other right or license, including any rights or licenses to the AbbVie Background Patents, the AbbVie Program Patents, the AbbVie Background Know-How, the AbbVie Program Know-How, the Regulatory Documentation, or any other Patent or intellectual property rights not otherwise expressly granted herein.

6.7Confirmatory Patent License. Licensor shall if requested to do so by AbbVie immediately enter into confirmatory license agreements in the form or substantially the form reasonably requested by AbbVie for purposes of recording the licenses granted under this Agreement with such patent offices in the Territory as AbbVie considers appropriate. Until the execution of any such confirmatory licenses, so far as may be legally possible, Licensor and AbbVie shall have the same rights in respect of the Licensor Background Patents, Licensor Program Patents and Joint Program Patents and be under the same obligations to each other in all respects as if the said confirmatory licenses had been executed.

6.8Exclusivity with Respect to the Territory.

6.8.1Licensor Covenant.

(a) Licensor shall not, and shall cause its Affiliates not to, on an Accepted Target-by-Accepted Target basis, beginning on the applicable Target Acceptance Date until the termination or expiration of this Agreement with respect to the applicable

Accepted Target (including by Target Exchange or replacement with a Substitute Target), (a) directly or indirectly, whether alone or together with a Third Party, Develop for any purpose a Discovery Probody, Discovery PDC or Licensed Products for any purpose, except as otherwise expressly provided in the Discovery Research Plan, (b) directly or indirectly, develop, commercialize or manufacture any Competing Product in any country or other jurisdiction in the Territory**,** or (c) license, authorize, appoint, or otherwise enable any Third Party to directly or indirectly, develop, commercialize or manufacture any Competing Product in any country or other jurisdiction in the Territory.

(b) [***]

6.9In-License Agreements. During the Term, neither Licensor nor any of its Affiliates shall, without AbbVie's prior written consent, enter into any agreement with a Third Party related to Information, Regulatory Documentation, material, Patents, or other intellectual other property rights directed primarily to Discovery Probodies, Discovery PDCs or Licensed Products. Subject to Section 8.6, if Licensor or any of its Affiliates are a party to a license, sublicense or other agreement for additional rights, with the right to sublicense, that is relevant to (i.e., not directed primarily to) Discovery Probodies, Discovery PDCs or Licensed Products, or as permitted in the aforementioned sentence, then Licensor shall inform AbbVie and shall provide AbbVie with a copy of such license, sublicense, or other agreement ("**Proposed Future In-Licensed Rights**"). If AbbVie notifies Licensor in writing that it wishes to be bound by and/or assume the rights and obligations of the Proposed Future In-Licensed Rights as they apply to AbbVie and this Agreement, then the Proposed Future In-Licensed Rights shall automatically be included in the Licensor Background Patents and/or Licensor Background Know-How (as applicable) hereunder and AbbVie agrees to abide by all applicable terms and conditions of such license, sublicense or other agreement, as it relates to AbbVie and this Agreement. The amounts payable under any Licensor In-License Agreements and Proposed Future In-Licensed Rights shall be the responsibility of one or both of the Parties as follows:

6.9.1[***];

6.9.2[***]; and

6.9.3 Other than as set forth in Sections 6.9.1 or 6.9.2 above, Licensor shall be solely responsible for and shall bear all upfront payments, milestone payments, royalties and other amounts payable to any Third Party in respect of any Proposed Future In-Licensed Rights; provided, that if AbbVie notifies Licensor in writing that it wishes to be bound by and/or assume certain rights and obligations of any Proposed Future In-Licensed Rights and such Proposed Future In-Licensed Rights are automatically included in the Licensor Background Patents and/or Licensor Background Know-How (as applicable) hereunder, then AbbVie shall be responsible for [***] (but not any other payments) that are payable to any Third Party under the provisions of any such Licensor In-License Agreement that contains such Proposed Future In-Licensed Rights to the extent that such [***] specifically pertain to the Exploitation of a Discovery PDC or Licensed Product by AbbVie or its Affiliates (excluding the portion of any such [***] that are payable under such Licensor In-License Agreement based on the cumulative effect of the Exploitation of a Discovery PDC or Licensed Product by AbbVie or its Affiliates combined with the Exploitation of any other compounds or products by Licensor, its Affiliates or

any Third Party). Licensor shall be solely responsible for any other amounts that are payable under such Licensor In-License Agreement.

6.10Reverse Engineering. During the Term and for a period of [***] following the termination of this Agreement, Licensor hereby covenants and agrees that it shall not, and shall cause it Affiliates to not, for itself or themselves, (a) Develop, Commercialize or Manufacture in any country in the Territory, any Antibody or pharmaceutical product containing or encoding any Antibody, in each case that includes or contains an Antibody sequence provided by AbbVie or its Affiliates to Licensor or its Affiliates hereunder, or (b) reverse engineer any Antibody or pharmaceutical product containing or encoding any Antibody, in each case that includes or contains an Antibody sequence provided by AbbVie or its Affiliates to Licensor or its Affiliates hereunder.

ARTICLE 7
PAYMENTS AND RECORDS

7.1 Upfront Payment. No later than **[***]** following the Effective Date, AbbVie shall pay Licensor a one-time upfront amount equal to Ten Million Dollars **($10,000,000)**. Such payment shall be noncreditable against any other payments due hereunder.

7.2Second Accepted Target Fee. Subject to the terms and conditions set forth in this Agreement, within [***] after the Target Acceptance Date for a second Accepted Target, if any (that is not a Substitute Target or a New Target), AbbVie will pay Licensor a one-time fee of [***] (the "**Second Accepted Target Fee**"); provided, that if, under the CD71 Agreement, (a) AbbVie has determined that Licensor has not met the Preclinical POC Success Criteria prior to the Preclinical POC Success Criteria Deadline (as each such term is defined in the CD71 Agreement), and (b) pursuant to Section 3.1.3(c) and Section 13.3.1 of the CD71 Agreement, AbbVie terminates the CD71 Agreement following the conclusion of the Cessation Period (as such terms are defined in the CD71 Agreement), then no Second Accepted Target Fee shall be required and AbbVie may nominate a second Accepted Target under this Agreement for no additional consideration.

7.3Development Milestones. In partial consideration of the rights granted by Licensor to AbbVie hereunder and subject to the terms and conditions set forth in this Agreement, AbbVie shall pay to Licensor a milestone payment within [***] after the achievement of each of the following milestones for the first Licensed Product for each Accepted Target, calculated as follows:

7.3.1[***];

7.3.2[***]; and

7.3.3[***].

On an Accepted Target-by-Accepted Target basis, if a development milestone set forth in this Section 7.3 for a Licensed Product becomes due before an earlier listed development milestone for such Licensed Product, then the earlier listed development milestone shall become payable upon the achievement of the later listed development milestone.

Each milestone payment in this Section 7.3 shall be payable only upon the first achievement of such milestone for each Accepted Target and no amounts shall be due for subsequent or repeated achievements of such milestone, whether for the same or a different Licensed Product targeting such Accepted Target. The maximum aggregate amount payable by AbbVie pursuant to this Section 7.3 for each Accepted Target is [***] and for all Accepted Targets is [***].

7.4Regulatory Milestones. In partial consideration of the rights granted by Licensor to AbbVie hereunder and subject to the terms and conditions set forth in this Agreement, AbbVie shall pay to Licensor a milestone payment within [***] after the achievement of each of the following milestones for the first Licensed Product for each Accepted Target, calculated as follows:

7.4.1[***];

7.4.2[***];

7.4.3[***];

7.4.4[***];

7.4.5[***]; and

7.4.6[***].

Each milestone payment in this Section 7.4 shall be payable only upon the first achievement of such milestone for each Accepted Target and no amounts shall be due for subsequent or repeated achievements of such milestone, whether for the same or a different Licensed Product targeting such Accepted Target. The maximum aggregate amount payable by AbbVie pursuant to this Section 7.4 for each Accepted Target is [***] and for all Accepted Targets is [***].

7.5Sales-Based Milestones. In partial consideration of the rights granted by Licensor to AbbVie hereunder and subject to the terms and conditions set forth in this Agreement, AbbVie shall pay to Licensor the following milestone payments due within [***] after the end of the Calendar Year in which such milestone was achieved for the first Licensed Product for each Accepted Target, calculated as follows:

7.5.1[***];

7.5.2[***]; and

7.5.3[***].

Each milestone payment in this Section 7.5 shall be payable only upon the first achievement of such milestone for each Accepted Target and no amounts shall be due for subsequent or repeated achievements of such milestone, whether for the same or a different Licensed Product targeting such Accepted Target. The maximum aggregate amount payable by AbbVie pursuant to this Section for each Accepted Target is [***] and for all Accepted Targets is [***].

7.6Royalties.

7.6.1Royalty Rates. As further consideration for the rights granted to AbbVie hereunder, subject to Section 7.6.3, commencing upon the First Commercial Sale of a

Licensed Product in the Territory, on a Licensed Product-by-Licensed Product basis, AbbVie shall pay to Licensor a royalty on Net Sales of each Licensed Product in the Territory (excluding Net Sales of each Licensed Product in any country or other jurisdiction in the Territory for which the Royalty Term for such Licensed Product in such country or other jurisdiction has expired) during each Calendar Year at the following rates:

Net Sales in the Territory of all Licensed Products containing the same Discovery PDC in a Calendar Year	**Royalty Rate**
[***]	[***]
[***]	[***]
[***]	[***]

The royalty tiers set forth in the table above shall apply separately to Licensed Products [***]. For example, if [***] during a Calendar Year are [***], and [***] are [***] during such Calendar Year, the Net Sales for both Licensed Products shall bear a royalty rate of [***].

7.6.2Royalty Term. AbbVie shall have no obligation to pay any royalty with respect to Net Sales of any Licensed Product in any country or other jurisdiction after the Royalty Term for such Licensed Product in such country or other jurisdiction has expired.

7.6.3Reductions. Notwithstanding the foregoing:

(a) in the event that in any country or other jurisdiction in the Territory during the Royalty Term for a Licensed Product there is Biosimilar Competition resulting in **[***]**;

(b) AbbVie shall be entitled to deduct from any royalties, milestones or other amounts payable hereunder with respect to a country or other jurisdiction [***] of all upfront payments, milestone payments, royalties and other amounts paid under AbbVie In-License Agreements with respect to such country or other jurisdiction except to the extent such AbbVie Third Party Payments constitute royalties under any agreement in which AbbVie obtained a right or license to Exploit an Other Active Ingredient (for which the Net Sales calculation under this Agreement excluded the value of such Other Active Ingredient); and provided further that (i) AbbVie has the right to deduct [***] of all payments by AbbVie in connection with Blocking Third Party Platform IP and (B) AbbVie shall be responsible for [***] of all payments by AbbVie in connection with Blocking Third Party Payload IP;

(c) in the event that a court or a governmental agency of competent jurisdiction requires AbbVie or any of its Affiliates or Sublicensees to grant a compulsory license to a Third Party permitting such Third Party to make and sell a Licensed Product in a country or other jurisdiction in the Territory, then, for the purposes of calculating the royalties payable with respect to such Licensed Product under Section 7.6.1, [***] of Net Sales of such Licensed Product in such country or other jurisdiction shall be disregarded;

(d) in the event that, and in such case from and after the date on which, a Licensed Product is Exploited in a country or other jurisdiction and is not covered by a Valid Claim of a Licensor Background Patent or Licensor Program Patent that covers the Manufacture, use or sale of a Licensed Product in such country or other jurisdiction, the royalty rate set forth in Section 7.6.1 with respect to such country or other jurisdiction (for purposes of calculations under Section 7.6.1), each shall be reduced by [***]; and

(e) AbbVie shall have the right to deduct costs in accordance with Section 8.3.7, 8.4 and 8.5.6.

(f) Notwithstanding anything to the contrary in this Section 7.6.3, in no event will the royalties payable to Licensor under this Section 7.6 be reduced to less than [***] of the royalties set forth in Sections 7.6.1 and any balance of such deductions then remaining would be carried over to subsequent [***] and applied against any royalties due with respect to such subsequent [***]. Notwithstanding the foregoing, the foregoing limitation on current reductions of the royalty rate below [***] shall not apply to (i) Section 7.6.3(b)(i), or (ii) deductions in accordance with Section 8.3.7, 8.4 (relating to Blocking Third Party Platform IP), and Section 8.5.6.

(g) The Parties acknowledge and agree that the royalty payments (including the royalty rates and term for such royalty payments) set forth in ARTICLE 7 are to be made in consideration for the licenses and rights granted by Licensor to AbbVie with respect to both the Patents and Know-How, and have been agreed to by the Parties for the purpose of reflecting and advancing their mutual convenience, including the ease of calculation of such royalties and the payment of such royalties by AbbVie to Licensor.

7.7Royalty Payments and Reports. AbbVie shall calculate all amounts payable to Licensor pursuant to Section 7.6 at the end of each Calendar Quarter, which amounts shall be converted to Dollars, in accordance with Section 7.8. AbbVie shall pay to Licensor the royalty amounts due with respect to a given Calendar Quarter within **[***]** after the end of such Calendar Quarter. Each payment of royalties due to Licensor shall be accompanied by a statement of the amount of Net Sales of each Licensed Product in each country or other jurisdiction in the Territory during the applicable Calendar Quarter (including such amounts expressed in local currency and as converted to Dollars) and a calculation of the amount of royalty payment due on such Net Sales for such Calendar Quarter.

7.8Mode of Payment; Offsets. All payments to either Party under this Agreement shall be made by deposit of Dollars in the requisite amount to such bank account as the receiving Party may from time to time designate by notice to the paying Party. For the purpose of calculating any sums due under, or otherwise reimbursable pursuant to, this Agreement (including the calculation of Net Sales expressed in currencies other than Dollars), a Party shall convert any amount expressed in a foreign currency into Dollar equivalents using its, its Affiliate's or Sublicensee's standard conversion methodology consistent with Accounting Standards. AbbVie shall have the right to offset any payment that is owed by Licensor but not paid against any payments owed by AbbVie, if any, under this Agreement.

7.9 Withholding Taxes. Where any sum due to be paid to either Party hereunder is subject to any withholding or similar tax, the Parties shall use their commercially

reasonable efforts to do all such acts and things and to sign all such documents as will enable them to take advantage of any applicable double taxation agreement or treaty. In the event there is no applicable double taxation agreement or treaty, or if an applicable double taxation agreement or treaty reduces but does not eliminate such withholding or similar tax, the payor shall remit such withholding or similar tax to the appropriate government authority, deduct the amount paid from the amount due to payee and secure and send to payee the best available evidence of such withholding or similar tax. If withholding or similar taxes are paid to a government authority, each Party will provide the other such assistance as is reasonably required to obtain a refund of the withheld or similar taxes, or obtain a credit with respect to such taxes paid. In the event that a government authority retroactively determines that a payment made by a Party to the other pursuant to this Agreement should have been subject to withholding or similar (or to additional withholding or similar) taxes, and such Party (the "**Withholding Party**") remits such withholding or similar taxes to the government authority, the Withholding Party will have the right (a) to offset such amount, including any interest and penalties that may be imposed thereon (except to the extent any such interest or penalties result from the negligence of the Withholding Party), against future payment obligations of the Withholding Party under this Agreement, (b) to invoice the other Party for such amount (which shall be payable by the other Party within **[***]** of its receipt of such invoice) or (c) to pursue reimbursement by any other available remedy.

7.10Indirect Taxes. All payments are exclusive of value added taxes, sales taxes, consumption taxes and other similar taxes (the "**Indirect Taxes**"). If any Indirect Taxes are chargeable in respect of any payments, the paying Party shall pay such Indirect Taxes at the applicable rate in respect of such payments following receipt, where applicable, of an Indirect Taxes invoice in the appropriate form issued by the receiving Party in respect of those payments. The Parties shall issue invoices for all amounts payable under this Agreement consistent with Indirect Tax requirements and irrespective of whether the sums may be netted for settlement purposes. If the Indirect Taxes originally paid or otherwise borne by the paying Party are in whole or in part subsequently determined not to have been chargeable, all necessary steps will be taken by the receiving Party to receive a refund of these undue Indirect Taxes from the applicable governmental authority or other fiscal authority and any amount of undue Indirect Taxes repaid by such authority to the receiving Party will be transferred to the paying Party within **[***]** of receipt. In the event that a government authority retroactively determines that a payment made by the paying Party to the receiving Party pursuant to this Agreement should have been subject to Indirect Taxes, and the receiving Party is required to remit such Indirect Taxes to the government authority, the receiving Party will have the right (a) to invoice the paying Party for such amount (which shall be payable by the paying Party within **[***]** of its receipt of such invoice) or (b) to pursue reimbursement by any other available remedy.

7.11Interest on Late Payments. If any payment due to either Party under this Agreement is not paid when due, then such paying Party shall pay interest thereon (before and after any judgment) at an annual rate (but with interest accruing on a daily basis) of **[***]**, such interest to run from the date on which payment of such sum became due until payment thereof in full together with such interest.

7.12Financial Records. AbbVie shall, and shall cause its Affiliates to, keep complete and accurate books and records pertaining to Net Sales of Licensed Products in sufficient detail to calculate all amounts payable hereunder and to verify compliance with its obligations under this Agreement. Such books and records shall be retained by AbbVie and its Affiliates until the later of (a) **[***]** after the end of the period to which such books and records pertain, and (b) the expiration of the applicable tax statute of limitations (or any extensions thereof), or for such longer period as may be required by Applicable Law.

7.13Audit. At the request of Licensor, AbbVie shall, and shall cause its Affiliates to, permit an independent public accounting firm of nationally recognized standing designated by Licensor and reasonably acceptable to AbbVie, at reasonable times during normal business hours and upon reasonable notice, to audit the books and records maintained pursuant to Section 7.12 to ensure the accuracy of all reports and payments made hereunder. Such examinations may not (a) be conducted for any Calendar Quarter more than **[***]** after the end of such quarter, (b) be conducted more than once in any **[***]** period (unless a previous audit during such **[***]** period revealed an underpayment with respect to such period) or (c) be repeated for any Calendar Quarter. The accounting firm shall disclose to Licensor only whether the reports are correct or not, and the specific details concerning any discrepancies. No other Confidential Information of the audited Party shall be shared. Except as provided below, the cost of this audit shall be borne by Licensor, unless the audit reveals a variance of more than **[***]** from the reported amounts, in which case AbbVie shall bear the cost of the audit. Unless disputed pursuant to Section 7.14 below, if such audit concludes that (i) additional amounts were owed by AbbVie, AbbVie shall pay the additional amounts, with interest from the date originally due as provided in Section 7.11, or (ii) excess payments were made by AbbVie, Licensor shall reimburse such excess payments, in either case ((i) or (ii)), within **[***]** after the date on which such audit is completed by the Licensor.

7.14Audit Dispute. In the event of a dispute with respect to any audit under Section 7.13, Licensor and AbbVie shall work in good faith to resolve the disagreement. If the Parties are unable to reach a mutually acceptable resolution of any such dispute within **[***]**, the dispute shall be submitted for resolution to a certified public accounting firm jointly selected by each Party's certified public accountants or to such other Person as the Parties shall mutually agree (the "**Audit Arbitrator**"). The decision of the Audit Arbitrator shall be final and the costs of such arbitration as well as the initial audit shall be borne between the Parties in such manner as the Audit Arbitrator shall determine. Not later than **[***]** after such decision and in accordance with such decision, AbbVie shall pay the additional amounts, with interest from the date originally due as provided in Section 7.10, or Licensor shall reimburse the excess payments, as applicable.

7.15Confidentiality. Licensor shall treat all information subject to review under this ARTICLE 7 in accordance with the confidentiality provisions of ARTICLE 10 and the Parties shall cause the Audit Arbitrator to enter into a reasonably acceptable confidentiality agreement with AbbVie obligating such firm to retain all such financial information in confidence pursuant to such confidentiality agreement.

7.16Diagnostic or Veterinary Products. The development milestones, regulatory milestones, sales-based milestones and royalties in Sections 7.3, 7.4, 7.5, and 7.6 shall not apply to Development and Commercialization of Discovery PDCs or Licensed Products for diagnostic or veterinary use, or for uses solely for screening patients who have been diagnosed with a disease, state, or condition for eligibility to be treated for such disease, state, or condition with a Discovery PDC or Licensed Product or for monitoring patients who are or have been treated with a Discovery PDC or Licensed Product. In the event that a Discovery PDC or Licensed Product is Developed for any such purposes, the Parties shall negotiate a downward adjustment to royalties for the sale of such Licensed Product that reflects the commercial potential of such Licensed Product and standard commercial terms in the industry for diagnostic or veterinary products, as applicable**.**

7.17No Other Compensation. Each Party hereby agrees that the terms of this Agreement fully define all consideration, compensation and benefits, monetary or otherwise, to be paid, granted or delivered by one (1) Party to the other Party in connection with the transactions contemplated herein. Neither Party previously has paid or entered into any other commitment to pay, whether orally or in writing, any of the other Party's employees, directly or indirectly, any consideration, compensation or benefits, monetary or otherwise, in connection with the transaction contemplated herein.

ARTICLE 8
INTELLECTUAL PROPERTY

8.1 Ownership of Intellectual Property.

8.1.1Licensor Ownership. As between the Parties, Licensor shall own all right, title and interest in and to any and all Licensor Background Patents, Licensor Background Know-How, Licensor Program Patents and Licensor Program Know-How.

8.1.2AbbVie Ownership. As between the Parties, AbbVie or an Affiliate designated by AbbVie shall own and retain all right, title, and interest in and to any and all AbbVie Background Patents, AbbVie Background Know-How, AbbVie Program Patents and AbbVie Program Know-How.

8.1.3Ownership of Joint Program Patents and Joint Program Know-How. Subject to Section 4.8.1(b), as between the Parties, each Party shall own an equal, undivided interest in any and all Joint Program Patents and Joint Program Know-How. Within **[***]**, each Party shall disclose to the other Party in writing, and shall cause its Affiliates, its licensees and sublicensees to so disclose, the development, making, conception or reduction to practice of any Joint Program Know-How or Joint Program Patents. Subject to the licenses and rights of reference granted under Sections 6.1 and 6.2 and Licensor's exclusivity obligations hereunder, each Party shall have the right to Exploit the Joint Intellectual Property Rights without a duty of seeking consent or accounting to the other Party.

8.1.4United States Law. The determination of whether Information and inventions are conceived, discovered, developed, or otherwise made by a Party for the purpose of allocating proprietary rights (including Patent, copyright or other intellectual property

rights) therein, shall, for purposes of this Agreement, be made in accordance with Applicable Law in the United States as such law exists as of the Effective Date irrespective of where such conception, discovery, development or making occurs.

8.1.5Assignment Obligation.

(a) Each Party shall cause all Persons who perform activities for such Party under this Agreement to be under an obligation to assign (or, if such Party is unable to cause such Person to agree to such assignment obligation despite such Party using commercially reasonable efforts to negotiate such assignment obligation, provide a license under) their rights in any Information and inventions resulting therefrom to such Party, except where Applicable Law requires otherwise and except in the case of governmental, not-for-profit and public institutions which have standard policies against such an assignment (in which case a suitable license, or right to obtain such a license, shall be obtained).

(b) AbbVie will promptly disclose to Licensor in writing, the conception, discovery, development or making of any Licensor Program Know-How or Licensor Program Patents by Persons who perform activities for AbbVie under this Agreement. AbbVie, for itself and on behalf of its Affiliates, hereby assigns (and to the extent such assignment can only be made in the future hereby agrees to assign), to Licensor all its right, title and interest in and to any Licensor Program Know-How and its right, title and interest in and to Licensor Program Patents. AbbVie will execute and record assignments and other necessary documents consistent with such ownership.

(c) Licensor will promptly disclose to AbbVie in writing, the conception, discovery, development or making of any AbbVie Program Know-How or AbbVie Program Patents by Persons who perform activities for Licensor under this Agreement. Licensor, for itself and on behalf of its Affiliates, hereby assigns (and to the extent such assignment can only be made in the future hereby agrees to assign), to AbbVie all its right, title and interest in and to any AbbVie Program Know-How and its right, title and interest in and to AbbVie Program Patents. Licensor will execute and record assignments and other necessary documents consistent with such ownership.

(d) Each Party will promptly disclose to the other Party in writing, the conception, discovery, development or making of any Joint Program Know-How or Joint Program Patents by Persons who perform activities for it under this Agreement. Each Party, for itself and on behalf of its Affiliates, hereby assigns (and to the extent such assignment can only be made in the future hereby agrees to assign), to the other Party such right, title and interest in and to any Joint Program Know-How and Joint Program Patents as is necessary to achieve the joint ownership set forth in Section 8.1.3. Each party will execute and record assignments and other necessary documents consistent with such ownership.

8.1.6Ownership of Corporate Names. As between the Parties, Licensor shall retain all right, title and interest in and to its Corporate Names.

8.2Maintenance and Prosecution of Patents.

8.2.1Patent Cooperation. During the term of the Agreement, a patent attorney or agent (the "Patent Representatives") from each of Licensor and AbbVie shall meet

regularly, in person or by teleconference, to coordinate and discuss Patent filings, prosecution and maintenance of the Licensor Program Patents, AbbVie Program Patents, and Joint Program Patents. Each Party's Patent Representative also may include such Party's outside patent counsel in any such meeting. The Patent Representatives shall review and coordinate responsibilities and obligations in connection with Patents arising from the performance of the activities under this Agreement by either Party or jointly by the Parties, their Affiliates or, in each such case, Third Parties acting on their behalf. The Patent Representatives may attend JRC quarterly meetings (as mutually agreed by the Parties). The Patent Representatives shall have no decision making authority, and shall serve primarily as a forum for communication and coordination of activities between the Parties with respect to the matters described in this Section 8.2.1.

8.2.2Patent Prosecution and Maintenance of Licensor Background Patents. Licensor shall have the sole right, but not the obligation, through the use of internal or outside counsel, to prepare, file, prosecute, and maintain the Licensor Background Patents worldwide, at Licensor's sole cost and expense. Licensor shall keep AbbVie informed regarding each Licensor Background Patent that Licensor is prosecuting, and shall provide copies to AbbVie of all material communications from any patent office, and copies of all material correspondence sent to such patent offices by or on behalf of Licensor.

8.2.3Patent Prosecution and Maintenance of Licensor Program Patents. In consultation with AbbVie, Licensor shall have the right, but not the obligation, through the use of internal or outside counsel, to prepare, file, prosecute, and maintain the Licensor Program Patents worldwide, at Licensor's sole cost and expense. Licensor shall keep AbbVie fully informed of all steps with regard to the preparation, filing, prosecution, and maintenance of Licensor Program Patents, including by providing AbbVie with a copy of material communications to and from any patent authority in the Territory regarding such Licensor Program Patents, and by providing AbbVie drafts of any material filings or responses to be made to such patent authorities in the Territory sufficiently in advance of submitting such filings or responses so as to allow for a reasonable opportunity for AbbVie to review and comment thereon. Licensor shall consider in good faith the requests and suggestions of AbbVie with respect to such Licensor drafts and with respect to strategies for filing and prosecuting the Licensor Program Patents in the Territory. Notwithstanding the foregoing, Licensor shall promptly inform AbbVie of any adversarial patent office proceeding or sua sponte filing, including a request for, or filing or declaration of, any interference, opposition, or reexamination relating to any Licensor Program Patents in the Territory. The Parties shall thereafter consult and cooperate to determine a course of action with respect to any such proceeding in the Territory relating to a Discovery Probody and Licensor shall consider in good faith all comments, requests and suggestions provided by AbbVie.

8.2.4Patent Prosecution and Maintenance of AbbVie Background Patents, AbbVie Program Patents and Joint Program Patents. AbbVie shall have the right, but not the obligation, to prepare, file, prosecute, and maintain the AbbVie Background Patents, AbbVie Program Patents and the Joint Program Patents worldwide, at AbbVie's sole cost and expense. AbbVie shall keep Licensor fully informed of all steps with regard to the preparation, filing, prosecution, and maintenance of Joint Program Patents and AbbVie Program Patents, including by providing Licensor with a copy of material communications to and from any patent

authority in the Territory regarding such Joint Program Patents and AbbVie Program Patents, and by providing Licensor drafts of any material filings or responses to be made to such patent authorities in the Territory sufficiently in advance of submitting such filings or responses so as to allow for a reasonable opportunity for Licensor to review and comment thereon. AbbVie shall consider in good faith the requests and suggestions of Licensor with respect to such AbbVie drafts and with respect to strategies for filing and prosecuting the Joint Program Patents and AbbVie Program Patents in the Territory. In the event that AbbVie decides not to prepare, file, prosecute, or maintain a Joint Program Patent in a country or other jurisdiction in the Territory, AbbVie shall provide reasonable prior written notice to Licensor of such intention (which notice shall, in any event, be given no later than **[***]** prior to the next deadline for any action that may be taken with respect to such Joint Program Patent in such country or other jurisdiction), and Licensor shall thereupon have the option, in its sole discretion, to assume the control and direction of the preparation, filing, prosecution, and maintenance of such Joint Program Patent at its expense in such country or other jurisdiction. Upon Licensor's written acceptance of such option, Licensor shall assume the responsibility and control for the preparation, filing, prosecution, and maintenance of such specific Joint Program Patent. In such event, AbbVie shall reasonably cooperate with Licensor in such country or other jurisdiction as provided under Section 8.2.5. Notwithstanding the foregoing, AbbVie shall promptly inform Licensor of any adversarial patent office proceeding or sua sponte filing, including a request for, or filing or declaration of, any interference, opposition, or reexamination relating to any AbbVie Program Patents or Joint Program Patents in the Territory. The Parties shall thereafter consult and cooperate to determine a course of action with respect to any such proceeding in the Territory relating to a Discovery Probody and AbbVie shall consider in good faith all comments, requests and suggestions provided by Licensor.

8.2.5Cooperation. The Parties agree to cooperate fully in the preparation, filing, prosecution, and maintenance of the Licensor Program Patents, AbbVie Program Patents, and Joint Program Patents in the Territory under this Agreement. Cooperation shall include:

(a) without limiting any other rights and obligations of the Parties under this Agreement, cooperating with respect to the timing, scope and filing of such Patents to preserve and enhance the patent protection for Discovery PDCs and Licensed Products, including the manufacture and use thereof.

(b) executing all papers and instruments, or requiring its employees or contractors to execute such papers and instruments, so as to (i) effectuate the ownership of intellectual property set forth in Section 8.1.1, 8.1.2 and 8.1.3; (ii) enable the other Party to apply for and to prosecute Patent applications in the Territory; and (iii) obtain and maintain any Patent extensions, supplementary protection certificates, and the like with respect to the Licensor Program Patents, AbbVie Program Patents and Joint Program Patents in the Territory, in each case ((i), (ii), and (iii)) to the extent provided for in this Agreement;

(c) consistent with this Agreement, assisting in any license registration processes with applicable governmental authorities that may be available in the Territory for the protection of a Party's interests in this Agreement; and

(d) promptly informing the other Party of any matters coming to such Party's attention that may materially affect the preparation, filing, prosecution, or maintenance of any such Patents in the Territory.

8.2.6Patent Term Extension and Supplementary Protection Certificate. AbbVie shall be responsible for making decisions regarding patent term extensions, including supplementary protection certificates and any other extensions that are now or become available in the future, wherever applicable, for AbbVie Background Patents, AbbVie Program Patents and Joint Program Patents in any country or other jurisdiction. AbbVie shall have the responsibility of applying for any extension or supplementary protection certificate with respect to such Patents in the Territory. AbbVie shall keep Licensor fully informed of its efforts to obtain such extension or supplementary protection certificate. Licensor shall provide prompt and reasonable assistance, as requested by AbbVie, including by taking such action as patent holder as is required under any Applicable Law to obtain such patent extension or supplementary protection certificate. AbbVie shall pay all expenses in regard to obtaining the extension or supplementary protection certificate in the Territory.

8.2.7Patent Listings.

(a) AbbVie shall have the sole right to make all filings with Regulatory Authorities in the Territory with respect to AbbVie Background Patents, AbbVie Program Patents and Joint Program Patents, including as required or allowed (i) in the United States, in the FDA's Orange Book if in the future legislation employs the Orange Book for biologics, or its alternative, and (ii) outside the United States, under the national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83 or other international equivalents. Licensor shall cooperate with AbbVie's reasonable requests in connection therewith, including meeting any submission deadlines, to the extent required or permitted by Applicable Law.

(b) The Parties will negotiate in good faith regarding filings with Regulatory Authorities in the Territory with respect to Licensor Background Patents and Licensor Program Patents, including as required or allowed (i) in the United States, in the FDA's Orange Book if in the future legislation employs the Orange Book for biologics, or its alternative, and (ii) outside the United States, under the national implementations of Article 10.1(a)(iii) of Directive 2001/EC/83 or other international equivalents.

8.3Enforcement of Patents.

8.3.1Enforcement of Licensor Program Patents.

(a) Each Party shall promptly notify the other Party in writing of any alleged or threatened infringement of the Licensor Background Patents by a Third Party in respect of a Competing Product or Licensor Program Patent (regardless of whether or not related to a Competing Product) in the Territory and of which such Party becomes aware (including alleged or threatened infringement based on the development, commercialization, or an application to market a product containing a Discovery Probody, Discovery PDC or any Licensed Product in the Territory (the "**Product Infringement**")).

(b) With respect to any Product Infringement in the Territory, Licensor shall have the first right, but not the obligation, to prosecute any Product Infringement in the Territory involving any Licensor Program Patents (the "**Licensor Prosecuted Infringements**") at its sole expense and Licensor shall retain control of the prosecution of such claim, suit or proceeding. In the event Licensor prosecutes any Licensor Prosecuted Infringement, AbbVie shall have the right to join as a party to such claim, suit, or proceeding in the Territory and participate with its own counsel at its own expense; *provided* that Licensor shall retain control of the prosecution of such claim, suit, or proceeding. During any such claim, suit, or proceeding, Licensor shall: (i) provide AbbVie with drafts of all official papers and statements (whether written or oral) prior to their submission in such claim, suit, or proceeding, in sufficient time to allow AbbVie to review, consider and substantively comment thereon; (ii) allow AbbVie the opportunity to participate in the preparation of witnesses and other participants in such claim, suit, or proceeding at its own expense; and (iii) not settle any such claim, suit, or proceeding except in a manner that it believes in good faith is in the best interests of the Discovery Probodies, Discovery PDCs or Licensed Products.. If Licensor does not take commercially reasonable steps to prosecute a Licensor Prosecuted Infringement (A) within **[***]** following the first notice provided above with respect to the Licensor Prosecuted Infringement, or (B) provided such date occurs after the first such notice of the Licensor Prosecuted Infringement is provided, **[***]** before the time limit, if any, set forth in appropriate laws and regulations for filing of such actions, whichever comes first, then AbbVie may prosecute the Licensor Prosecuted Infringement at its own expense.

8.3.2Enforcement of AbbVie Background Patents, AbbVie Program Patents and Joint Program Patents.

(a) Each Party shall promptly notify the other Party in writing of any alleged or threatened infringement of the AbbVie Background Patents in respect of a Competing Product, the AbbVie Program Patents or the Joint Program Patents by a Third Party in the Territory and of which such Party becomes aware (including alleged or threatened infringement based on the development, commercialization, or an application to market a product containing a Discovery Probody, Discovery PDC or any Licensed Product in the Territory).

(b) AbbVie shall have the sole right, but not the obligation, to prosecute any Product Infringement in the Territory involving any AbbVie Background Patents and AbbVie Program Patents in the Territory at its sole expense and AbbVie shall retain control of the prosecution of such claim, suit or proceeding. During any such claim, suit, or proceeding, to enforce any AbbVie Program Patents, AbbVie shall: (i) provide Licensor with drafts of all official papers and statements (whether written or oral) prior to their submission in such claim, suit, or proceeding, in sufficient time to allow Licensor to review, consider and substantively comment thereon; (ii) allow Licensor the opportunity to participate in the preparation of witnesses and other participants in such claim, suit, or proceeding at its own expense; and (iii) not settle any such claim, suit, or proceeding except in a manner that it believes in good faith is in the best interests of the Discovery PDCs and Licensed Products.

(c) AbbVie shall have the first right, but not the obligation, to prosecute any such infringement of Joint Program Patents in the Territory at its sole expense and AbbVie shall retain control of the prosecution of such claim, suit or proceeding. In the event AbbVie prosecutes any such infringement, Licensor shall have the right to join as a party to such claim, suit or proceeding in the Territory and participate with its own counsel at its own expense; *provided* that AbbVie shall retain control of the prosecution of such claim, suit or proceeding. If AbbVie does not take commercially reasonable steps to prosecute the alleged or threatened infringement in the Territory with respect to such Joint Program Patents (i) within **[***]** following the first notice provided above with respect to such alleged infringement, or (ii) provided such date occurs after the first such notice of infringement is provided, **[***]** before the time limit, if any, set forth in appropriate laws and regulations for filing of such actions, whichever comes first, then Licensor may prosecute the alleged or threatened infringement in the Territory at its own expense.

8.3.3Patent Exclusivity Listings. If either Party receives a copy of an application submitted to the FDA under subsection (k) of Section 351 of the PHSA (a "**Biosimilar Application**") naming a Licensed Product as a reference product or otherwise becomes aware that such a Biosimilar Application has been filed (such as in an instance described in Section 351(l)(9)(C) of the PHSA), either Party shall, within **[***]**, notify the other Party so that the other Party may seek permission to view the application and related confidential information from the filer of the Biosimilar Application under Section 351(l)(1)(B)(iii) of the PHSA. If either Party receives any equivalent or similar certification or notice in any other jurisdiction in the Territory, either Party shall, within **[***]**, notify and provide the other Party with copies of such communication. Regardless of the Party that is the "reference product sponsor" for purposes of such Biosimilar Application, (a) AbbVie shall have the sole right to designate pursuant to Section 351(l)(1)(B)(ii) of the PHSA the outside counsel and in-house counsel who shall receive confidential access to the Biosimilar Application; (b) AbbVie shall have the sole right to list any AbbVie Background Patent, AbbVie Program Patent and Joint Program Patents (and, with the agreement of Licensor, any Licensor Background Patents or Licensor Program Patents), insofar as they claim or cover the applicable Licensed Product as required pursuant to Section 351(l)(3)(A), Section 351(l)(5)(b)(i)(II), or Section 351(l)(7) of the PHSA, to respond to any communications with respect to such lists from the filer of the Biosimilar Application, and to negotiate with the filer of the Biosimilar Application as to whether to utilize a different mechanism for information exchange than that specified in Section 351(l) of the PHSA; and (c) AbbVie shall have the sole right to identify Patents or respond to communications under any equivalent or similar listing in any other jurisdiction in the Territory. If required pursuant to Applicable Law, Licensor shall prepare such lists and make such responses at AbbVie's direction. Licensor shall (i) provide to AbbVie, within **[***]** of AbbVie's request, all Information, including a correct and complete list of Licensor Background Patents or Licensor Program Patents covering any Licensed Product, that is necessary or reasonably useful to enable AbbVie to make such lists and communications with respect to the Licensor Background Patents or Licensor Program Patents, and (ii) cooperate with AbbVie's reasonable requests in connection therewith, including meeting any submission deadlines, in each case, to the extent required or permitted by Applicable Law. AbbVie shall (A) reasonably consult with Licensor prior to identifying any Licensor Background Patents or Licensor Program Patents to a

Third Party as contemplated by this Section 8.3.3 and shall consider in good faith Licensor's advice and suggestions with respect thereto, and (B) notify Licensor of any such lists or communications promptly after they are made.

8.3.4Conduct of Patent Litigation Under the Biologics Price Competition and Innovation Act. Notwithstanding anything to the contrary in this Section 8.3, AbbVie shall have the first right to bring an action for infringement of the Licensor Program Patents, AbbVie Background Patents, AbbVie Program Patents or Joint Program Patents as required under Section 351(l)(6) of the PHSA following the agreement on a list of patents for litigation under Section 351(l)(4) or exchange of Patent lists pursuant to Section 351(l)(5)(B) of such act, or as required following any equivalent or similar certification or notice in any other jurisdiction. The Parties' rights and obligations with respect to the foregoing legal actions shall be as set forth in Sections 8.3.1 through 8.3.5; *provided*, that within **[***]** of reaching agreement on a list of Patents for litigation under Section 351(l)(4) or exchange of Patent lists pursuant to Section 351(l)(5)(B), AbbVie shall notify Licensor as to whether or not it elects to prosecute such infringement. Either Party shall, within **[***]**, notify and provide the other Party with copies of any notice of commercial marketing provided by the filer of a Biosimilar Application pursuant to Section 351(l)(8)(A) of the PHSA, or any equivalent or similar certification or notice in any other jurisdiction. Thereafter, the Party controlling any Patent infringement litigation pursuant to this Section 8.3.4 shall have the first right to seek an injunction against such commercial marketing as permitted pursuant to Section 351(l)(8)(B) of the PHSA. If no such litigation is ongoing at the time of such notice, then AbbVie shall have the first right to seek such an injunction.

8.3.5Cooperation. The Parties agree to cooperate fully in any infringement action pursuant to this Section 8.3. Where a Party brings such an action, the other Party shall, where necessary, furnish a power of attorney solely for such purpose or shall join in, or be named as a necessary party to, such action. Unless otherwise set forth herein, the Party entitled to bring any patent infringement litigation in accordance with this Section 8.3 shall have the right to settle such claim; *provided* that neither Party shall have the right to settle any patent infringement litigation under this Section 8.3 in a manner that diminishes or has a material adverse effect on the rights or interest of the other Party, or in a manner that imposes any costs or liability on, or involves any admission by, the other Party, without the express written consent of such other Party. The Party commencing the litigation shall provide the other Party with copies of all pleadings and other documents filed with the court and shall consider reasonable input from the other Party during the course of the proceedings.

8.3.6Recovery. Except as otherwise agreed by the Parties in connection with a cost sharing arrangement, any recovery realized as a result of such litigation described in Section 8.3.1, 8.3.2, or 8.3.4 (whether by way of settlement or otherwise) shall be first, allocated to reimburse the Parties for their costs and expenses in making such recovery (which amounts shall be allocated pro rata if insufficient to cover the totality of such expenses). **[***]**

8.3.7Costs and Expenses. AbbVie shall be entitled to deduct **[***]** of the reasonable out-of-pocket costs borne by AbbVie in connection with such litigation in a given

Calendar Quarter from any amounts due to Licensor under this Agreement for such Calendar Quarter, with any balance then remaining to be carried over to subsequent Calendar Quarters and applied against any amounts due with respect to such subsequent Calendar Quarters.

8.4Infringement Claims by Third Parties. If the manufacture, sale, or use of a Discovery Probody, Discovery PDC or Licensed Product in the Territory pursuant to this Agreement results in, or may result in, any claim, suit, or proceeding by a Third Party alleging patent infringement by AbbVie (or its Affiliates or Sublicensees), AbbVie shall promptly notify Licensor thereof in writing. AbbVie shall have the first right, but not the obligation, to defend and control the defense of any such claim, suit, or proceeding at its own expense (but subject to deduction as provided below), using counsel of its own choice. Licensor may participate in any such claim, suit, or proceeding with counsel of its choice at its own expense. Without limitation of the foregoing, if AbbVie finds it necessary or desirable to join Licensor as a party to any such action, Licensor shall execute all papers and perform such acts as shall be reasonably required, provided that AbbVie reimburses any out-of-pocket costs incurred by Licensor as a result. If AbbVie elects (in a written communication submitted to Licensor within a reasonable amount of time after notice of the alleged patent infringement) not to defend or control the defense of, or otherwise fails to initiate and maintain the defense of, any such claim, suit, or proceeding, within such time periods so that Licensor is not prejudiced by any delays, Licensor may conduct and control the defense of any such claim, suit, or proceeding at its own expense. Each Party shall keep the other Party reasonably informed of all material developments in connection with any such claim, suit, or proceeding. [***]

8.5Invalidity or Unenforceability Defenses or Actions.

8.5.1Notice. Each Party shall promptly notify the other Party in writing of any alleged or threatened assertion of invalidity or unenforceability of any of the Licensor Background Patents, Licensor Program Patents, AbbVie Background Patents, AbbVie Program Patents or Joint Program Patents by a Third Party, in each case in the Territory and of which such Party becomes aware.

8.5.2Licensor Background Patents. Licensor shall have the sole right, but not the obligation, to defend and control the defense of the validity and enforceability of the Licensor Background Patents at its own expense in the Territory.

8.5.3Licensor Program Patents. Licensor shall have the first right, but not the obligation, to defend and control the defense of the validity and enforceability of the Licensor Program Patents at its own expense in the Territory. AbbVie may participate in any such claim, suit, or proceeding in the Territory with counsel of its choice at its own expense; *provided* that Licensor shall retain control of the defense in such claim, suit, or proceeding. If Licensor elects not to defend or control the defense of the Patents in a suit brought in the Territory, or otherwise fails to initiate and maintain the defense of any such claim, suit, or proceeding, then AbbVie may conduct and control the defense of any such claim, suit, or proceeding at its own expense.

8.5.4AbbVie Background Patents, AbbVie Program Patents and Joint Program Patents.

(a) AbbVie shall have the sole right, but not the obligation, to defend and control the defense of the validity and enforceability of the AbbVie Background Patents and AbbVie Program Patents at its own expense in the Territory.

(b) AbbVie shall have the first right, but not the obligation, to defend and control the defense of the validity and enforceability of the Joint Program Patents at its own expense in the Territory. Licensor may participate in any such claim, suit, or proceeding in the Territory related to the Joint Program Patents with counsel of its choice at its own expense; *provided* that AbbVie shall retain control of the defense in such claim, suit, or proceeding. If AbbVie elects not to defend or control the defense of the Joint Program Patents in a suit brought in the Territory, or otherwise fails to initiate and maintain the defense of any such claim, suit, or proceeding, then Licensor may conduct and control the defense of any such claim, suit, or proceeding, at its own expense; *provided*, that Licensor shall obtain the written consent of AbbVie prior to settling or compromising such defense.

8.5.5Cooperation. Each Party shall assist and cooperate with the other Party as such other Party may reasonably request from time to time in connection with its activities set forth in this Section 8.5, including by being joined as a party plaintiff in such action or proceeding, providing access to relevant documents and other evidence, and making its employees available at reasonable business hours. In connection with any such defense or claim or counterclaim, the controlling Party shall consider in good faith any comments from the other Party and shall keep the other Party reasonably informed of any steps taken, and shall provide copies of all documents filed, in connection with such defense, claim, or counterclaim. In connection with the activities set forth in this Section 8.5, each Party shall consult with the other as to the strategy for the defense of the Licensor Program Patents, AbbVie Program Patents and Joint Program Patents.

8.5.6Costs and Expenses. AbbVie shall be entitled to offset up to **[***]** of the reasonable out-of-pocket costs of defending such claim, suit, or proceeding under this Section 8.5 that are borne by AbbVie in a given Calendar Quarter against any amounts owed to Licensor under this Agreement for such Calendar Quarter, with any balance then remaining to be carried over to amounts due with respect to such subsequent Calendar Quarters.

8.6Third Party Licenses. If in the reasonable opinion of AbbVie, the Development, Manufacture, or Commercialization of any Discovery PDC or Licensed Product by AbbVie, any of its Affiliates, or any of its or their Sublicensees infringes or misappropriates any Patent, trade secret, or other intellectual property right of a Third Party in any country or other jurisdiction in the Territory, such that AbbVie, any of its Affiliates or any of its or their Sublicensees cannot Develop, Manufacture, or Commercialize such Discovery PDC or Licensed Product in such country or other jurisdiction without infringing such Patent, trade secret, or other intellectual property right of such Third Party, then AbbVie shall provide notice of such potential infringement or misappropriation, and the Parties agree to meet within **[***]** after such notice to determine whether a license to such Third Party intellectual property is necessary, and, if the Parties agree a license is necessary, which Party should obtain a license to such Third Party intellectual property; provided, however that if the Parties cannot agree as to either the necessity of such a license or as to which Party should seek such license in such meeting, then (a) if such

Patent, trade secret or other intellectual property right covers or is necessary to Exploit other Probodies in addition to Discovery Probodies, then Licensor shall have the right for a period of **[***]** following the date of such meeting between the Parties to negotiate a license for such intellectual property, which license shall include the right of Licensor to sublicense such intellectual property to AbbVie; provided if Licensor is not able to obtain such license within such **[***]** period, then AbbVie shall have the sole right to obtain such license to Develop, Manufacture, and Commercialize Discovery PDC and Licensed Products; and (b) otherwise, AbbVie shall have the sole right, but not the obligation, to negotiate and obtain a license from such Third Party as necessary for AbbVie and its Affiliates, and its and their Sublicensees to Develop, Manufacture, and Commercialize Discovery PDC and Licensed Products in such country or other jurisdiction, and in each case any amounts due under such Third Party license shall be allocated in accordance with Section 7.6.3(b).

8.7Product Trademarks.

8.7.1Ownership and Prosecution of Product Trademarks. AbbVie shall own all right, title, and interest to the Product Trademarks in the Territory, and shall be responsible for the registration, prosecution, and maintenance thereof. All costs and expenses of registering, prosecuting, and maintaining the Product Trademarks shall be borne solely by AbbVie. Licensor shall provide all assistance and documents reasonably requested by AbbVie in support of its prosecution, registration, and maintenance of the Product Trademarks.

8.7.2Enforcement of Product Trademarks. AbbVie shall have the sole right and responsibility for taking such action as AbbVie, after consultation with Licensor, deems necessary against a Third Party based on any alleged, threatened, or actual infringement, dilution, misappropriation, or other violation of, or unfair trade practices or any other like offense relating to, the Product Trademarks by a Third Party in the Territory. AbbVie shall bear the costs and expenses relating to any enforcement action commenced pursuant to this Section 8.7.2 and any settlements and judgments with respect thereto, and shall retain any damages or other amounts collected in connection therewith.

8.7.3Third Party Claims. AbbVie shall have the sole right and responsibility for defending against any alleged, threatened, or actual claim by a Third Party that the use or registration of the Product Trademarks in the Territory infringes, dilutes, misappropriates, or otherwise violates any Trademark or other right of that Third Party or constitutes unfair trade practices or any other like offense, or any other claims as may be brought by a Third Party against a Party in connection with the use of the Product Trademarks with respect to a Licensed Product in the Territory. AbbVie shall bear the costs and expenses relating to any defense commenced pursuant to this Section 8.7.3 and any settlements and judgments with respect thereto, and shall retain any damages or other amounts collected in connection therewith.

8.7.4Notice and Cooperation. Each Party shall provide to the other Party prompt written notice of any actual or threatened infringement of the Product Trademarks in the Territory and of any actual or threatened claim that the use of the Product Trademarks in the Territory violates the rights of any Third Party. Each Party agrees to cooperate fully with the

other Party with respect to any enforcement action or defense commenced pursuant to this Section 8.7.

8.8Inventor's Remuneration. Each Party shall be solely responsible for any remuneration that may be due such Party's inventors under any applicable inventor remuneration laws.

ARTICLE 9
PHARMACOVIGILANCE AND SAFETY

9.1Pharmacovigilance. On an Accepted Target-by-Accepted Target basis, no later than the filing of an IND for a Discovery PDC or Licensed Product, the Parties shall, unless otherwise agreed, enter into an agreement to initiate a process for the exchange of safety data (including post-marketing spontaneous reports received by each Party and its Affiliates) in a mutually agreed format in order to monitor the safety of the Discovery PDCs or Licensed Products and to meet reporting requirements with any applicable Regulatory Authority.

9.2Global Safety Database. On an Accepted Target-by-Accepted Target basis, no later than the filing of an IND for a Discovery PDC or Licensed Product, AbbVie shall set up, hold, and maintain (at AbbVie's sole cost and expense) the global safety database for Discovery PDCs or Licensed Products. Licensor shall provide AbbVie with all information necessary or desirable for AbbVie to comply with its pharmacovigilance responsibilities in the Territory, including, as applicable, any adverse drug experiences, from pre-clinical or clinical laboratory, animal toxicology and pharmacology studies, Clinical Studies, and commercial experiences with a Discovery PDC or Licensed Product, in each case in the form reasonably requested by AbbVie.

ARTICLE 10
CONFIDENTIALITY AND NON-DISCLOSURE

10.1Product Information. Licensor recognizes that by reason of, inter alia, AbbVie's status as an exclusive licensee pursuant to the grants under Section 6.1, AbbVie has an interest in Licensor's maintaining the confidentiality of certain information of Licensor. Accordingly, on an Accepted Target-by-Accepted Target basis, from the applicable Target Acceptance Date and for the remainder of the Term, Licensor shall, and shall cause its Affiliates and its and their respective officers, directors, employees, and agents to, keep completely confidential, and not publish or otherwise disclose, and not use directly or indirectly for any purpose other than to fulfill Licensor's obligations hereunder any Information owned or Controlled by Licensor or any of its Affiliates solely relating to any Discovery PDC or Licensed Product, or the Exploitation of any of the foregoing (the "**Product Information**"); except to the extent (a) the Product Information is in the public domain through no fault of Licensor, its Affiliates or any of its or their respective officers, directors, employees, or agents; (b) such disclosure or use is expressly permitted under Section 10.3, (c) such disclosure or use is otherwise expressly permitted by the terms of this Agreement, or (d) such disclosure or use is reasonably necessary for Licensor to perform its obligations or exercise its rights under this Agreement and is subject to confidentiality and non-use provisions consistent with those

contained in this Agreement. For purposes of clarity, Licensor may use general learnings that are broadly applicable to the Licensor Platform for its products, including Probodies, other than Discovery Probodies and Discovery PDCs to the extent reasonably necessary to Develop, Manufacture or Exploit such products, and, in connection with such activities may disclose such general learnings to outside consultants, contractors, advisory boards, managed care organizations, and non-clinical and clinical investigators, under reasonable obligations of confidentiality; provided that such general learnings expressly exclude Product Information, any results or data generated in connection with Development Activities and the Confidential Information of AbbVie. For purposes of Section 10.3, AbbVie shall be deemed to be the disclosing Party with respect to Product Information under Section 10.3 and Licensor shall be deemed to be the receiving Party with respect thereto. For further clarification, (i) without limiting this Section 10.1, to the extent Product Information is disclosed by Licensor to AbbVie pursuant to this Agreement, such information shall, subject to the other terms and conditions of this ARTICLE 10, also constitute Confidential Information of Licensor with respect to the use and disclosure of such Information by AbbVie, but (ii) the disclosure by Licensor to AbbVie of Product Information shall not cause such information to cease to be subject to the provisions of this Section 10.1 with respect to the use and disclosure of such Confidential Information by Licensor. In the event this Agreement is terminated in its entirety or with respect to the Terminated Territory or Terminated Target, this Section 10.1 shall have no continuing force or effect with respect to the use or disclosure of such information solely in connection with the Exploitation of the Discovery PDC or Licensed Product for the benefit of the Terminated Territory or Terminated Target, as applicable, but the Product Information, to the extent Controlled and disclosed by AbbVie to Licensor hereunder, shall continue to be Confidential Information of AbbVie, subject to the terms of Sections 10.2, 10.3, and 10.5 for purposes of the surviving provisions of this Agreement.

10.2Confidentiality Obligations. At all times during the Term and for a period of **[***]** following termination or expiration hereof in its entirety, each Party shall, and shall cause its officers, directors, employees and agents to, keep confidential and not publish or otherwise disclose to a Third Party and not use, directly or indirectly, for any purpose, any Confidential Information furnished or otherwise made known to it, directly or indirectly, by the other Party, except to the extent such disclosure or use is expressly permitted by the terms of this Agreement or is reasonably necessary or useful for the performance of, or the exercise of such Party's rights under, this Agreement. Notwithstanding the foregoing, the Parties acknowledge the practical difficulty of policing the use of information in the unaided memory of the receiving Party or its Affiliates and its and their officers, directors, employees, and agents, and as such each Party agrees that the receiving Party shall not be liable for the use by any of its or its Affiliates' officers, directors, employees, or agents of specific Confidential Information of the disclosing Party that is retained in the unaided memory of such officer, director, employee or agent; *provided* that (a) such officer, director, employee, or agent is not aware that such Confidential Information is the confidential information of the disclosing Party at the time of such use; (b) the foregoing is not intended to grant, and shall not be deemed to grant, the receiving Party, its Affiliates, or its officers, directors, employees, and agents (i) a right to disclose the disclosing Party's Confidential Information, or (ii) a license under any Patents or other intellectual property right of the disclosing Party; and (c) such officer, director, employee,

or agent has not intentionally memorized such Confidential Information for use outside this Agreement. Notwithstanding the foregoing, to the extent the receiving Party can demonstrate by documentation or other competent proof, the confidentiality and non-use obligations under this Section 10.2 with respect to any Confidential Information shall not include any information that:

10.2.1 has been published by a Third Party or otherwise is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no wrongful act, fault or negligence on the part of the receiving Party;

10.2.2 have been in the receiving Party's possession prior to disclosure by the disclosing Party without any obligation of confidentiality with respect to such information;

10.2.3 is subsequently received by the receiving Party from a Third Party without restriction and without breach of any agreement between such Third Party and the disclosing Party;

10.2.4 that is generally made available to Third Parties by the Disclosing Party without restriction on disclosure; or

10.2.5 have been independently developed by or for the receiving Party without reference to, or use or disclosure of, the disclosing Party's Confidential Information;

Specific aspects or details of Confidential Information shall not be deemed to be within the public domain or in the possession of the receiving Party merely because the Confidential Information is embraced by more general information in the public domain or in the possession of the receiving Party. Further, any combination of Confidential Information shall not be considered in the public domain or in the possession of the receiving Party merely because individual elements of such Confidential Information are in the public domain or in the possession of the receiving Party unless the combination and its principles are in the public domain or in the possession of the receiving Party.

10.3 Permitted Disclosures. Each Party may disclose Confidential Information to the extent that such disclosure is:

10.3.1 in the reasonable opinion of the receiving Party's legal counsel, required to be disclosed pursuant to law, regulation or a valid order of a court of competent jurisdiction or other supra-national, federal, national, regional, state, provincial and local governmental body of competent jurisdiction, (including by reason of filing with securities regulators, but subject to Section 10.4); *provided*, that the receiving Party shall first have given prompt written notice (and to the extent possible, at least **[***]** notice) to the disclosing Party and given the disclosing Party a reasonable opportunity to take whatever action it deems necessary to protect its Confidential Information (for example, quash such order or to obtain a protective order requiring that the Confidential Information and documents that are the subject of such order be held in confidence by such court or governmental body or, if disclosed, be used only for the purposes for which the order was issued) and in any case the receiving Party shall use Commercially Reasonable Efforts to obtain confidential treatment of such Confidential Information. In the event that no protective order or other remedy is obtained, or the disclosing Party waives compliance with the terms of this Agreement, the receiving Party shall furnish only

that portion of Confidential Information which the receiving Party is advised by counsel is legally required to be disclosed;

10.3.2made by or on behalf of the receiving Party to the Regulatory Authorities as required in connection with any filing, application or request for Regulatory Approval in accordance with the terms of this Agreement; *provided*, that reasonable measures shall be taken to assure confidential treatment of such Confidential Information to the extent practicable and consistent with Applicable Law;

10.3.3made by or on behalf of the receiving Party to a patent authority as may be reasonably necessary or useful for purposes of obtaining, defending or enforcing a Patent in accordance with the terms of this Agreement; *provided*, that reasonable measures shall be taken to assure confidential treatment of such Confidential Information, to the extent such protection is available;

10.3.4made to its or its Affiliates' financial and legal advisors who have a need to know such disclosing Party's Confidential Information and are either under professional codes of conduct giving rise to expectations of confidentiality and non-use or under written agreements of confidentiality and non-use, in each case, at least as restrictive as those set forth in this Agreement; provided that the receiving Party shall remain responsible for any failure by such financial and legal advisors, to treat such Confidential Information as required under this Article;

10.3.5made by the receiving Party or its Affiliates to potential or actual investors, financers, or acquirers as may be necessary in connection with their evaluation of such potential or actual investment, financing, or acquisition; *provided*, that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this ARTICLE 10;

10.3.6made by AbbVie or its Affiliates or Sublicensees to its or their advisors, consultants, clinicians, vendors, service providers, contractors, existing or prospective collaboration partners, licensees, sublicensees, or other Third Parties as may be necessary or useful in connection with the Exploitation of the Discovery PDCs, the Licensed Products, or otherwise in connection with the performance of its obligations or exercise of its rights as contemplated by this Agreement; *provided*, that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this ARTICLE 10 (with a duration of confidentiality and non-use obligations as appropriate that is no less than **[***]** from the date of disclosure); or

10.3.7made by Licensor or its Affiliates, to its or their advisors, consultants, clinicians, vendors, service providers, contractors, and the like to the extent necessary in assisting with Licensor's activities contemplated by this Agreement; *provided*, that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information of AbbVie substantially similar to the obligations of confidentiality and non-use of Licensor pursuant to this ARTICLE 10 (with a duration of confidentiality and non-use obligations as appropriate that is no less than **[***]** from the date of disclosure).

10.3.8Use of Name. Except as expressly provided herein, neither Party shall mention or otherwise use the name, logo, or Trademark of the other Party or any of its Affiliates (or any abbreviation or adaptation thereof) in any publication, press release, marketing and promotional material, or other form of publicity without the prior written approval of such other Party in each instance. The restrictions imposed by this Section 10.3.8 shall not prohibit either Party from making any disclosure identifying the other Party that, in the opinion of the disclosing Party's counsel, is required by Applicable Law; *provided*, that such Party shall submit the proposed disclosure identifying the other Party in writing to the other Party as far in advance as reasonably practicable (and in no event less than **[***]** prior to the anticipated date of disclosure, to the extent practicable) so as to provide a reasonable opportunity to comment thereon.

10.4Public Announcements. The Parties have agreed upon the content of a press release which shall be issued substantially in the form attached hereto as Schedule 10.4, upon execution of this Agreement; thereafter Licensor and AbbVie may each disclose to Third Parties the information contained in such press release without the need for further approval by the other Party. Except for the press release attached hereto, neither Party shall issue any other public announcement, press release, or other public disclosure regarding this Agreement or its subject matter without the other Party's prior written consent, except for any such disclosure that is, in the opinion of the disclosing Party's counsel, required by Applicable Law or the rules of a stock exchange on which the securities of the disclosing Party are listed. In the event a Party is, in the opinion of its counsel, required by Applicable Law or the rules of a stock exchange on which its securities are listed to make such a public disclosure, such Party shall submit the proposed disclosure in writing to the other Party as far in advance as reasonably practicable (and in no event less than **[***]** prior to the anticipated date of disclosure) so as to provide a reasonable opportunity to comment thereon. Notwithstanding the foregoing, AbbVie, its Sublicensees and its and their respective Affiliates shall have the right to publicly disclose research, development and commercial information (including with respect to regulatory matters) regarding the Discovery PDCs and Licensed Products; *provided* that if any such research, development or commercial information is materially adverse to the Exploitation of a Discovery Probody, Discovery PDC or a Licensed Product, AbbVie shall submit the proposed disclosure in writing to Licensor as far in advance as reasonably practicable (and in no event less than **[***]** prior to the anticipated date of disclosure); and *further provided*, that (a) such disclosure is subject to the provisions of ARTICLE 10 with respect to Licensor's Confidential Information and (b) AbbVie shall not use the name of Licensor (or insignia, or any contraction, abbreviation or adaptation thereof) without Licensor's prior written permission.

10.5Publications.

10.5.1 Licensor shall not publish, present, or otherwise disclose, and shall cause its Affiliates and Third Party Providers and its and their employees and agents not to disclose any material containing AbbVie Confidential Information or related to the Exploitation of the Discovery Probodies, Discovery PDCs or Licensed Products, including any materials that contain Clinical Data or pertain to results of Clinical Studies, or other studies with respect to the Discovery Probodies, Discovery PDCs or Licensed Products, without the prior written consent of AbbVie. Licensor shall submit any proposed publication or presentation to AbbVie in

accordance with Section 10.5.3 (unless Licensor is required by Applicable Law to publish such information sooner). For clarity, Licensor may, without AbbVie's prior approval, make publications or presentations related to the Licensor Platform provided that such publications and presentations do not to disclose any AbbVie Confidential Information or Information specifically related to the Exploitation of the Discovery Probodies, Discovery PDCs or Licensed Products, or Clinical Data, non-clinical data or results of any Clinical Study or other study results with respect to the Discovery Probodies, Discovery PDCs or Licensed Products.

10.5.2 AbbVie, its Sublicensees and its and their respective Affiliates shall have the right to publish, present or otherwise disclose research, development and commercial information (including with respect to regulatory matters) regarding the Discovery PDCs and Licensed Products; *provided*, that (a) such disclosure is subject to the provisions of ARTICLE 10 with respect to Licensor's Confidential Information, (b) AbbVie shall not use the name of Licensor (or insignia, or any contraction, abbreviation or adaptation thereof) without Licensor's prior written permission and (c) AbbVie has provided Licensor with the opportunity to review pursuant to Section 10.5.3.

10.5.3 Each Party shall have the right to review any paper or other publication relating to the Discovery Probodies, Discovery PDCs or Licensed Products or that includes Confidential Information of the other Party that is proposed for publication by the other Party, including any oral presentation or abstract, that contains Clinical Data or pertains to results of Clinical Studies, or other studies. Before any such proposed publication is submitted for publication or an oral presentation is made, the publishing or presenting Party shall deliver a then-current copy of the paper or materials for oral presentation to the other Party at least **[***]** prior to submitting the paper to a publisher or making the presentation. The other Party shall review any such paper and give its comments to the publishing Party within **[***]** of the delivery of such paper to the other Party. With respect to oral presentation materials and abstracts, the other Party shall make reasonable efforts to expedite review of such materials and abstracts, and shall return such items as soon as practicable to the publishing or presenting Party with appropriate comments, if any, but in no event later than **[***]** from the date of delivery to the other Party. Notwithstanding the foregoing, the publishing or presenting Party shall comply with AbbVie's consent rights under Section 10.5.1 and the other Party's request to delete references to such other Party's Confidential Information in any such paper and will withhold publication of any such paper or any presentation of same for an additional **[***]** in order to permit the Parties to obtain Patent protection if either Party deems it necessary. Any publication shall include recognition of the contributions of the other Party according to standard practice for assigning scientific credit, either through authorship or acknowledgement, as may be appropriate.

10.6Return of Confidential Information. Upon the effective date of the termination of this Agreement for any reason, either Party may request in writing, and the other Party shall either, with respect to Confidential Information (in the event of termination of this Agreement with respect to one (1) or more Terminated Territories or Terminated Targets but not in its entirety, solely to the extent relating specifically and exclusively to such Terminated Territories or Terminated Targets, as applicable) to which such first Party does not retain rights under the surviving provisions of this Agreement: (a) as soon as reasonably practicable, destroy all copies of such Confidential Information in the possession of the other Party and confirm such

destruction in writing to the requesting Party; or (b) as soon as reasonably practicable, deliver to the requesting Party, at the other Party's expense, all copies of such Confidential Information in the possession of the other Party; *provided*, that the other Party shall be permitted to retain one (1) copy of such Confidential Information for the sole purpose of performing any continuing obligations hereunder, as required by Applicable Law, or for archival purposes. Notwithstanding the foregoing, such other Party also shall be permitted to retain such additional copies of or any computer records or files containing such Confidential Information that have been created solely by such Party's automatic archiving and back-up procedures, to the extent created and retained in a manner consistent with such other Party's standard archiving and back-up procedures, but not for any other use or purpose.

10.7Survival. All Confidential Information shall continue to be subject to the terms of this Agreement for the period set forth in Section 10.2.

ARTICLE 11
REPRESENTATIONS AND WARRANTIES

11.1Mutual Representations and Warranties. Licensor and AbbVie each represents and warrants to the other, as of the Effective Date, as follows:

11.1.1Organization. It is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, and has all requisite power and authority, corporate or otherwise, to execute, deliver, and perform this Agreement.

11.1.2Authorization. The execution and delivery of this Agreement and the performance by it of the transactions contemplated hereby have been duly authorized by all necessary corporate action, and do not violate (a) such Party's charter documents, bylaws, or other organizational documents, (b) in any material respect, any agreement, instrument, or contractual obligation to which such Party is bound, (c) any requirement of any Applicable Law, or (d) any order, writ, judgment, injunction, decree, determination, or award of any court or governmental agency presently in effect applicable to such Party.

11.1.3Binding Agreement. This Agreement is a legal, valid, and binding obligation of such Party enforceable against it in accordance with its terms and conditions, subject to the effects of bankruptcy, insolvency, or other laws of general application affecting the enforcement of creditor rights, judicial principles affecting the availability of specific performance, and general principles of equity (whether enforceability is considered a proceeding at law or equity).

11.1.4No Inconsistent Obligation. It is not under any obligation, contractual or otherwise, to any Person that conflicts with or is inconsistent in any material respect with the terms of this Agreement, or that would impede the diligent and complete fulfillment of its obligations hereunder.

11.2Additional Representations, Warranties and Covenants of Licensor. Licensor further represents and warrants to AbbVie, as of the Effective Date, and covenants as follows:

11.2.1 All Licensor Background Patents existing as of the Effective Date are listed on Schedule 11.2.1 (the "**Existing Patents**"). To the Knowledge of Licensor, all Existing Patents are subsisting and are not invalid or unenforceable, in whole or in part.

11.2.2 There are no claims, judgments, or settlements against, or amounts with respect thereto, owed by Licensor or any of its Affiliates relating to the Existing Patents, or the Licensor Background Know-How. No claim or litigation has been brought or threatened by any Person alleging, and Licensor has no Knowledge of any claim, whether or not asserted that (a) the Existing Patents or the Licensor Background Know-How are invalid or unenforceable, or (b) the Development, Manufacturing or Commercialization of the Discovery Probodies as contemplated herein, in each case as a result of such Discovery PDCs or Licensed Products containing a Discovery Probody (other than the Discovery Antibody portion thereof), does or will violate, infringe, misappropriate or otherwise conflict or interfere with, any Patent or other intellectual property or proprietary right of any Person.

11.2.3 Licensor is (a) the sole and exclusive owner or, where noted, co-owner of the entire right, title and interest in the Existing Patents listed on Schedule 11.2.1, Part A (the "**Owned Patents**") and the Licensor Background Know-How and (b) the sole and exclusive licensee of the Existing Patents listed on Schedule 11.2.1, Part B (the "**In-Licensed Patents**"), in each case (a) and (b) free of any encumbrance, lien, or claim of ownership by any Third Party. Licensor is entitled to grant the licenses specified herein. The Owned Patents and In-Licensed Patents constitute all of the Existing Patents.

11.2.4 To Licensor's Knowledge, Licensor has the right to (a) use all Information, and Patents necessary to conduct the Discovery Research Plan, and (b) permit AbbVie to use all such Information and Patents to conduct its Development activities under this Agreement.

11.2.5 Except as expressly allowed under ARTICLE 2, neither Licensor nor any of its Affiliates have encumbered or diminished, and during the Term, neither Licensor nor any of its Affiliates shall, encumber or diminish, the rights granted to AbbVie hereunder with respect to the Licensor Background Patents or Licensor Program Patents, including by (a) committing any acts or permitting the occurrence of any omissions that would cause the breach or termination of any Licensor In-License Agreement, or (b) amending or otherwise modifying or permitting to be amended or modified, any Licensor In-License Agreement, where such amendment or modification would adversely affect the rights granted to AbbVie hereunder. Licensor shall promptly provide AbbVie with notice of any alleged, threatened, or actual material breach of any Licensor In-License Agreement. As of the Effective Date, none of Licensor, its Affiliates and, to Licensor's Knowledge, none of the counterparties thereto is in breach of any Licensor In-License Agreement. No party to any Licensor In-License Agreement has threatened to terminate, or has otherwise alleged any material breach under, such agreement. Each Licensor In-License Agreement is in full force and effect in accordance with its terms.

11.2.6 The Existing Patents are being diligently prosecuted in the respective patent offices in the Territory in accordance with Applicable Law. The Existing Patents have been filed and maintained properly and correctly and all applicable fees have been paid on or before the due date for payment.

11.2.7 Neither Licensor nor its Affiliates has, and neither will during the Term, enter into any agreements or grant any right, title, or interest to any Person that is inconsistent with the rights and licenses granted to AbbVie under this Agreement.

11.2.8 True, complete, and correct copies of all existing Licensor In-License Agreements have been provided or made available to AbbVie prior to the Effective Date. Except for the UCSB Agreement, there is no other agreement pursuant to which Licensor in-licenses any other Existing Patent.

11.2.9 To Licensor's Knowledge, no Person is infringing or threatening to infringe or misappropriating or threatening to misappropriate the Existing Patents or the Licensor Background Know-How.

11.2.10 In respect of the pending patent applications included in the Existing Patents, Licensor and its Affiliates have presented all references, documents, or information of which it and the inventors are aware and is otherwise material to patentability to the relevant patent examiner at the relevant patent office.

11.2.11 To Licensor's Knowledge, the conduct of the Discovery Research Plan and AbbVie's Development, Manufacture and Commercialization of the Licensed Products as contemplated herein will not infringe any Patent or other intellectual property or proprietary right of any Person, in each case as a result of such Licensed Product containing a Discovery Probody (other than the Discovery Antibody portion thereof).

11.2.12 To Licensor's Knowledge, the conception, development, and reduction to practice of the Existing Patents, and Licensor Background Know-How existing as of the Effective Date have not constituted or involved the misappropriation of trade secrets or other rights or property of any Person.

11.2.13 The Existing Patents represent all Patents within Licensor's or its Affiliates' ownership or Control relating to the Discovery PDCs or the Licensed Products, or the Exploitation thereof, as of the Effective Date.

11.2.14 To Licensor's Knowledge, each of the Existing Patents properly identifies each and every inventor of the claims thereof as determined in accordance with the laws of the jurisdiction in which such Existing Patent is issued or such application is pending.

11.2.15 Each Person who has or has had any rights in or to any Existing Patents or any Licensor Background Know-How, has assigned and has executed an agreement assigning its entire right, title, and interest in and to such Existing Patents and Licensor Background Know-How to Licensor or to Licensor's Knowledge, to the licensor under existing Licensor In-License Agreements, as applicable. To Licensor's Knowledge, no current officer, employee, agent, or consultant of Licensor or any of its Affiliates is in violation of any term of any assignment or other agreement regarding the protection of Patents or other intellectual property or proprietary information of Licensor or such Affiliate or of any employment contract or any other contractual obligation relating to the relationship of any such Person with Licensor.

11.2.16 No rights or licenses are required under the Existing Patents or Licensor Background Know-How for the conduct of the Discovery Research Plan or for AbbVie to Develop and Commercialize the Discovery PDCs and the Licensed Products as contemplated herein other than those granted under Section 6.1.

11.2.17 The Licensor Background Know-How that constitutes a trade secret has been kept confidential or has been disclosed to Third Parties only under terms of confidentiality. To the Knowledge of Licensor, no material breach of a confidentiality obligation to Licensor with respect to any Licensor Background Know-How has been committed by any Third Party.

11.2.18 Licensor has made available to AbbVie all Licensor Background Know-How and other Information in its possession or Control regarding or related to the Discovery Probodies, Discovery PDCs or the Licensed Products that has been requested by AbbVie, and all such Licensor Background Know-How and other Information are true, complete, and correct.

11.2.19 Other than the existing Licensor In-License Agreements, to Licensor's Knowledge, there are no amounts that will be required to be paid to a Third Party as a result of the Development, Manufacture or Commercialization of the Discovery PDCs or Licensed Products that arise out of any agreement to which Licensor or any of its Affiliates is a party.

11.2.20 Except as listed on Schedule 11.2.1, the inventions claimed or covered by the Existing Patents (a) were not conceived, discovered, developed, or otherwise made in connection with any research activities funded, in whole or in part, by the federal government of the United States or any agency thereof, (b) are not a "subject invention" as that term is described in 35 U.S.C. Section 201(f), and (c) are not otherwise subject to the provisions of the Bayh-Dole Act.

11.3Debarment. Neither Party nor any of its employees nor agents performing hereunder, have ever been, are currently, or are the subject of a proceeding that could lead to it or such employees or agents becoming, as applicable, a Debarred Entity or Debarred Individual, an Excluded Entity or Excluded Individual or a Convicted Entity or Convicted Individual or added to the FDA's Disqualified/Restricted List. If, during the Term, either Party, or any of its employees or agents performing hereunder, become or are the subject of a proceeding that could lead to a Person becoming, as applicable, a Debarred Entity or Debarred Individual, an Excluded Entity or Excluded Individual or a Convicted Entity or Convicted Individual or added to the FDA's Disqualified/Restricted List, such Party shall immediately notify the other Party, and if Licensor is the notified Party, Licensor shall have the right to prohibit such Person from performing work under this Agreement, and if AbbVie is the notified Party AbbVie shall have the option, at its sole discretion, to either: (a) prohibit such Person from performing work under this Agreement or (b) terminate all work being performed or to be performed by the notifying Party pursuant to this Agreement. This provision shall survive termination or expiration of this Agreement. For purposes of this provision, the following definitions shall apply:

11.3.1A "Debarred Individual" is an individual who has been debarred by the FDA pursuant to 21 U.S.C. §335a (a) or (b) from providing services in any capacity to a Person that has an approved or pending drug or biological product application.

11.3.2A "Debarred Entity" is a corporation, partnership or association that has been debarred by the FDA pursuant to 21 U.S.C. §335a (a) or (b) from submitting or assisting in the submission of any abbreviated drug application, or a subsidiary or affiliate of a Debarred Entity.

11.3.3 An "Excluded Individual" or "Excluded Entity" is (A) an individual or entity, as applicable, who has been excluded, debarred, suspended or is otherwise ineligible to participate in federal health care programs such as Medicare or Medicaid by the Office of the Inspector General (OIG/HHS) of the U.S. Department of Health and Human Services, or (B) is an individual or entity, as applicable, who has been excluded, debarred, suspended or is otherwise ineligible to participate in federal procurement and non-procurement programs, including those produced by the U.S. General Services Administration (GSA).

11.3.4A "Convicted Individual" or "Convicted Entity" is an individual or entity, as applicable, who has been convicted of a criminal offense that falls within the ambit of 21 U.S.C. §335a (a) or 42 U.S.C. §1320a - 7(a), but has not yet been excluded, debarred, suspended or otherwise declared ineligible.

11.3.5"**FDA's Disqualified/Restricted List**" is the list of clinical investigators restricted from receiving investigational drugs, biologics, or devices if the FDA has determined that the investigators have repeatedly or deliberately failed to comply with regulatory requirements for studies or have submitted false Information to the study sponsor or the FDA.

11.4Obtainment of Rights. Each Party has or will obtain from each of its Affiliates, sublicensees, employees and agents, and from the employees and agents of its Affiliates, sublicensees and agents, who are performing tests or studies, or are otherwise participating in the Exploitation of the Discovery PDCs or Licensed Products or who otherwise have access to any the other Party's Information or other Confidential Information of the other Party, and shall obtain from such Persons during the Term, the licenses and other rights necessary for such Party to grant to the other Party the rights and licenses provided herein and for the other Party to perform its obligations hereunder, without payments beyond those required by ARTICLE 7.

11.5DISCLAIMER OF WARRANTIES. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

ARTICLE 12
INDEMNITY

12.1Indemnification of Licensor. AbbVie shall indemnify Licensor, its Affiliates and its and their respective directors, officers, employees, and agents (the "**Licensor Indemnitees**") and defend and save each of them harmless, from and against any and all losses, damages, liabilities, penalties, costs, and expenses (including reasonable attorneys' fees and expenses) (collectively, "**Losses**") in connection with any and all suits, investigations, claims, or demands of Third Parties (collectively, "**Third Party Claims**") incurred by or rendered against the Licensor Indemnitees arising from or occurring as a result of:

[***].

12.2Indemnification of AbbVie. Licensor shall indemnify AbbVie, its Affiliates and its and their respective directors, officers, employees, and agents (the "**AbbVie Indemnitees**"), and defend and save each of them harmless, from and against any and all Losses in connection with any and all Third Party Claims incurred by or rendered against the AbbVie Indemnitees arising from or occurring as a result of:

[***].

12.3Notice of Claim. All indemnification claims in respect of a Party, its Affiliates, or their respective directors, officers, employees and agents shall be made solely by such Party to this Agreement (the "**Indemnified Party**"). The Indemnified Party shall give the indemnifying Party prompt written notice (an "**Indemnification Claim Notice**") of any Losses or discovery of fact upon which such Indemnified Party intends to base a request for indemnification under this ARTICLE 12, but in no event shall the indemnifying Party be liable for any Losses that result from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss is known at such time). The Indemnified Party shall furnish promptly to the indemnifying Party copies of all papers and official documents received in respect of any Losses and Third Party Claims.

12.4Control of Defense.

12.4.1In General. Subject to the provisions of Sections 8.4, 8.5 and 8.7, at its option, the indemnifying Party may assume the defense of any Third Party Claim by giving written notice to the Indemnified Party within **[***]** after the indemnifying Party's receipt of an Indemnification Claim Notice. The assumption of the defense of a Third Party Claim by the indemnifying Party shall not be construed as an acknowledgment that the indemnifying Party is liable to indemnify the Indemnified Party in respect of the Third Party Claim, nor shall it constitute a waiver by the indemnifying Party of any defenses it may assert against the Indemnified Party's claim for indemnification. Upon assuming the defense of a Third Party Claim, the indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel selected by the indemnifying Party which shall be reasonably acceptable to the Indemnified Party. In the event the indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party shall immediately deliver to the indemnifying Party all original notices and documents (including court papers) received by the Indemnified Party in

connection with the Third Party Claim. Should the indemnifying Party assume the defense of a Third Party Claim, except as provided in Section 12.4.2, the indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense or settlement of the Third Party Claim unless specifically requested in writing by the indemnifying Party. In the event that it is ultimately determined that the indemnifying Party is not obligated to indemnify, defend or hold harmless the Indemnified Party from and against the Third Party Claim, the Indemnified Party shall reimburse the indemnifying Party for any Losses incurred by the indemnifying Party in its defense of the Third Party Claim.

12.4.2Right to Participate in Defense. Without limiting Section 12.4.1, any Indemnified Party shall be entitled to participate in, but not control, the defense of such Third Party Claim and to employ counsel of its choice for such purpose; *provided*, that such employment shall be at the Indemnified Party's own expense unless (a) the employment thereof, and the assumption by the indemnifying Party of such expense, has been specifically authorized by the indemnifying Party in writing, (b) the indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 12.4.1 (in which case the Indemnified Party shall control the defense), or (c) the interests of the Indemnified Party and the indemnifying Party with respect to such Third Party Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules or equitable principles.

12.4.3Settlement. With respect to any Losses relating solely to the payment of money damages in connection with a Third Party Claim and that shall not result in the Indemnified Party's becoming subject to injunctive or other relief, and as to which the indemnifying Party shall have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, on such terms as the indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Third Party Claims, where the indemnifying Party has assumed the defense of the Third Party Claim in accordance with Section 12.4.1, the indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss. If the indemnifying Party does not assume and conduct the defense of a Third Party Claim as provided above, the Indemnified Party may defend against such Third Party Claim. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, no Indemnified Party shall admit any liability with respect to, or settle, compromise or dispose of, any Third Party Claim without the prior written consent of the indemnifying Party. The indemnifying Party shall not be liable for any settlement, compromise or other disposition of a Loss by an Indemnified Party that is reached without the written consent of the indemnifying Party.

12.4.4Cooperation. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, the Indemnified Party shall, and shall cause each indemnitee to, cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the

indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Third Party Claim, and making Indemnified Parties and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the indemnifying Party shall reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

12.4.5Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Third Party Claim shall be reimbursed on a Calendar Quarter basis in arrears by the indemnifying Party, without prejudice to the indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

12.5Special, Indirect, and Other Losses. EXCEPT (A) FOR WILLFUL MISCONDUCT, (B) FOR A PARTY'S BREACH OF ITS OBLIGATIONS UNDER ARTICLE 10 OR SECTION 6.8 OR SECTION 6.10, (C) AS PROVIDED UNDER SECTION 14.7.7, AND (D) TO THE EXTENT ANY SUCH DAMAGES ARE REQUIRED TO BE PAID TO A THIRD PARTY AS PART OF A CLAIM FOR WHICH A PARTY PROVIDES INDEMNIFICATION UNDER THIS ARTICLE 12, NEITHER PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE FOR INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS OR BUSINESS INTERRUPTION, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER IN CONTRACT, TORT, NEGLIGENCE, BREACH OF STATUTORY DUTY OR OTHERWISE IN CONNECTION WITH OR ARISING IN ANY WAY OUT OF THE TERMS OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE USE OF THE DISCOVERY PDC OR LICENSED PRODUCT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

12.6Insurance. Each Party shall obtain and carry in full force and effect the minimum insurance requirements set forth herein. Such insurance (a) shall be primary insurance with respect to AbbVie's own participation under this Agreement, (b) shall be issued by a recognized insurer rated by [***] (or its equivalent) or better, or an insurer pre-approved in writing by Licensor and (c) shall require **[***]** written notice to be given to the other Party prior to any cancellation, non-renewal or material change thereof.

12.6.1Types and Minimum Limits. The types of insurance, and minimum limits shall be:

(a) Worker's Compensation with statutory limits in compliance with the Worker's Compensation laws of the state or states in which the Party has employees in the United States (excluding Puerto Rico).

(b) Employer's Liability coverage with a minimum limit of [***] per occurrence; *provided*, that a Party has employees in the United States (excluding Puerto Rico).

(c) General Liability Insurance with a minimum limit of [***] per occurrence and [***] in the aggregate. General Liability Insurance shall include, at a minimum, Professional Liability, and, solely with respect to AbbVie (i) Clinical Trial Insurance and , (ii) beginning at least **[***]** prior to First Commercial Sale of a Licensed Product, product liability insurance.

12.6.2Certificates of Insurance. Upon request by a Party, the other Party shall provide Certificates of Insurance evidencing compliance with this Section. The insurance policies shall be under an occurrence form, but if only a claims-made form is available to a Party, then such Party shall continue to maintain such insurance after the expiration or termination of this Agreement for the longer of (a) a period of **[***]** following termination or expiration of this Agreement in its entirety, or (b) with respect to a particular Party, last sale of a Licensed Product (or but for expiration or termination, would be considered a Licensed Product) sold under this Agreement by a Party.

12.6.3Self-Insurance. Notwithstanding the foregoing, AbbVie may self-insure, in whole or in part, the insurance requirements described above; *provided*, that AbbVie continues to be investment grade determined by reputable and accepted financial rating agencies.

ARTICLE 13
TERM AND TERMINATION

13.1Term.

13.1.1Term. This Agreement shall commence on the Effective Date and, unless earlier terminated in accordance herewith, shall continue in force and effect until the date of expiration of the last Royalty Term for the last Licensed Product (such period, the "**Term**").

13.1.2Effect of Expiration of the Term. Following the expiration of the Term, the grants in Section 6.1 shall become exclusive, fully-paid, royalty-free and irrevocable.

13.2Termination for Material Breach.

13.2.1Material Breach. If either Party (the "**Non-Breaching Party**") believes that the other Party (the "**Breaching Party**") has materially breached one (1) or more of its material obligations under this Agreement, then the Non-Breaching Party may deliver notice of such material breach to the Breaching Party (a "Default Notice"). If the Breaching Party does not dispute that it has committed a material breach of one (1) or more of its material obligations under this Agreement, then if the Breaching Party fails to cure such breach, or fails to take steps as would be considered reasonable to effectively cure such breach, within **[***]** after receipt of the Default Notice, or if such compliance cannot be fully achieved within such **[***]** period and the Breaching Party has failed to commence compliance or has failed to use diligent efforts to achieve full compliance as soon thereafter as is reasonably possible, the Non-Breaching Party may terminate this Agreement upon written notice to the Breaching Party. If the Breaching Party disputes that it has materially breached one (1) of its material obligations under this Agreement, the dispute shall be resolved pursuant to Section 14.7. If, as a result of the application of such dispute resolution procedures, the Breaching Party is determined to be in material breach of one

(1) or more of its material obligations under this Agreement (an "**Adverse Ruling**"), then if the Breaching Party fails to complete the actions specified by the Adverse Ruling to cure such material breach within **[***]** after such ruling, or if such compliance cannot be fully achieved within such **[***]** period and the Breaching Party has failed to commence compliance or has failed to use diligent efforts to achieve full compliance as soon thereafter as is reasonably possible, then the Non-Breaching Party may terminate this Agreement upon written notice to the Breaching Party.

13.2.2Material Breach Related to Diligence in a Major Market. Notwithstanding Section 13.2.1, if the material breach and failure to cure contemplated by Section 13.2.1 is with respect to AbbVie's Commercialization diligence obligations under Section 5.2 with respect to any Major Market, Licensor shall not have the right to terminate this Agreement in its entirety, but shall have the right to terminate this Agreement solely with respect to such Major Market.

13.2.3Material Breach Related to an Accepted Target. Notwithstanding Section 13.2.1, if the material breach and failure to cure contemplated by Section 13.2.1 is primarily with respect to AbbVie's obligations under this Agreement with respect to any particular Accepted Target, Licensor shall not have the right to terminate this Agreement in its entirety, but shall have the right to terminate this Agreement solely with respect to such Accepted Target.

13.3Additional Termination Rights by AbbVie.

13.3.1For Cause. AbbVie may terminate this Agreement in its entirety or on an Accepted Target-by-Accepted Target basis effective immediately upon written notice to Licensor in the event that AbbVie in good faith believes (a) a Discovery PDC Failure has occurred or (b) it is not advisable for AbbVie to continue to Develop or Commercialize the Discovery PDCs or Licensed Products as a result of a perceived serious safety issue regarding the use of any Licensed Product.

13.3.2Termination for Convenience by AbbVie. At any time after the **[***]** of the Effective Date, AbbVie may terminate this Agreement in its entirety, or on a country or other jurisdiction -by-country or other jurisdiction basis, or on an Accepted Target-by-Accepted Target basis for any or no reason, upon **[***]** prior written notice to Licensor.

13.4Termination for Insolvency. In the event that either Party (a) files for protection under bankruptcy or insolvency laws, (b) makes an assignment of substantially all of its assets for the benefit of creditors, (c) appoints or suffers appointment of a receiver or trustee over substantially all of its property that is not discharged within **[***]** after such filing, (d) proposes or is a party to any dissolution or liquidation, (e) files a petition under any bankruptcy or insolvency act or has any such petition filed against that is not discharged within **[***]** of the filing thereof, or (f) admits in writing its inability generally to meet its obligations as they fall due in the general course, then the other Party may terminate this Agreement in its entirety effective immediately upon written notice to such Party.

13.5Rights in Bankruptcy.

13.5.1Applicability of 11 U.S.C. § 365(n). All rights and licenses (collectively, the "**Intellectual Property**") granted under or pursuant to this Agreement, including all rights and licenses to use improvements or enhancements developed during the Term, are intended to be, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code (the "**Bankruptcy Code**") or any analogous provisions in any other country or jurisdiction, licenses of rights to "intellectual property" as defined under Section 101(35A) of the Bankruptcy Code. The Parties agree that the licensee of such Intellectual Property under this Agreement shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code, including Section 365(n) of the Bankruptcy Code, or any analogous provisions in any other country or jurisdiction. All of the rights granted to either Party under this Agreement shall be deemed to exist immediately before the occurrence of any bankruptcy case in which the other Party is the debtor.

13.5.2Rights of non-Debtor Party in Bankruptcy. If a bankruptcy proceeding is commenced by or against either Party under the Bankruptcy Code or any analogous provisions in any other country or jurisdiction, the non-debtor Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any Intellectual Property and all embodiments of such Intellectual Property, which, if not already in the non-debtor Party's possession, shall be delivered to the non-debtor Party within **[***]** of such request; *provided*, that the debtor Party is excused from its obligation to deliver the Intellectual Property to the extent the debtor Party continues to perform all of its obligations under this Agreement and the Agreement has not been rejected pursuant to the Bankruptcy Code or any analogous provision in any other country or jurisdiction.

13.6Termination in Entirety.

13.6.1 In the event of a termination of this Agreement in its entirety by AbbVie pursuant to Section 13.3 or by Licensor pursuant to Section 13.2.1 or 13.4:

(a) all rights and licenses granted by Licensor hereunder shall immediately terminate;

(b) all rights and licenses granted by AbbVie hereunder shall immediately terminate;

(c) AbbVie shall grant Licensor **[***]**, effective as of the effective date of such termination; and

(d) solely in the case of termination pursuant to Section 13.3.2, upon the effective date of AbbVie's notice of termination (i) AbbVie will have no further diligence obligations under this Agreement and (ii) AbbVie will not be required to make any milestone payments to Licensor under this Agreement for milestones achieved during the period between the notice of termination by AbbVie under Section 13.3.2 and the effective date of termination or thereafter.

13.6.2 In the event of a termination of this Agreement in its entirety by AbbVie pursuant to Section 13.2.1 or 13.4:

(a) all rights and licenses granted by AbbVie hereunder shall immediately terminate; and

(b) all rights and licenses granted to AbbVie hereunder shall become exclusive or non-exclusive (at AbbVie's sole option), irrevocable, and perpetual rights and licenses and the Parties shall mutually agree, in good faith, in writing the consideration Licensor shall receive for the aforementioned license, taking into consideration: (i) lost time in the Development and/or Commercialization of a Discovery PDC or Licensed Product due to termination; (ii) AbbVie's contributions made in Exploitation of a Discovery PDC or Licensed Product; and (iii) the reasons why the termination occurred. If, despite good faith discussions, the Parties are unable to agree on the consideration, then the dispute shall be resolved pursuant to Section 14.7.

13.7Termination of Terminated Territory. In the event of a termination of this Agreement with respect to a country or other jurisdiction by AbbVie pursuant to Section 13.3.2 or with respect to a Terminated Territory by Licensor pursuant to Section 13.2.2 (but not in the case of any termination of this Agreement in its entirety) all rights and licenses granted by Licensor hereunder (a) shall automatically be deemed to be amended to exclude, if applicable, the right to market, promote, detail, distribute, import, sell, offer for sale, file any Drug Approval Application for, or seek any Regulatory Approval for Discovery PDCs or Licensed Products in such Terminated Territory, and (b) shall otherwise survive and continue in effect in such Terminated Territory solely for the purpose of furthering any Commercialization of the Discovery PDCs or Licensed Products in the Territory or any Development or Manufacturing in support thereof.

13.8Termination of Accepted Target. In the event of a termination of this Agreement with respect to one Accepted Target (the "**Terminated Target**") pursuant to Section 13.2.3 or 13.3 (but not in the case of any termination of this Agreement in its entirety) then:

13.8.1 all rights and licenses granted by Licensor hereunder shall automatically be deemed to be amended to exclude the Terminated Target but shall otherwise survive and continue in effect for any remaining Accepted Target;

13.8.2all rights and licenses granted by AbbVie hereunder shall automatically be deemed to be amended to exclude the Terminated Target but shall otherwise survive and continue in effect for any remaining Accepted Target;

13.8.3 AbbVie shall grant Licensor **[***]**, effective as of the effective date of such termination; and

13.8.4solely in the case of termination pursuant to Section 13.3.2, upon the effective date of AbbVie's notice of termination (i) AbbVie will have no further diligence obligations under this Agreement with respect to the Terminated Target and (ii) AbbVie will not be required to make any milestone payments to Licensor under this Agreement for milestones achieved with respect to the Terminated Target during the period between the notice of termination by AbbVie under Section 13.3 and the effective date of termination and thereafter.

13.9Remedies. Except as otherwise expressly provided herein, termination of this Agreement (either in its entirety or with respect to one (1) or more country(ies) or other

jurisdiction(s) or with respect to a Terminated Target) in accordance with the provisions hereof shall not limit remedies that may otherwise be available in law or equity.

13.10Accrued Rights; Surviving Obligations.

13.10.1 Termination or expiration of this Agreement (either in its entirety or with respect to one (1) or more country(ies) or other jurisdiction(s) or with respect to a Terminated Target) for any reason shall be without prejudice to any rights that shall have accrued to the benefit of a Party prior to such termination or expiration. Such termination or expiration shall not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement. Without limiting the foregoing, the last sentence of Section 2.2, Sections 2.3.2, 3.6, 4.6, 4.8.1(b), 4.8.2, and Sections 4.10 and 6.10 (in accordance with the time periods set forth therein), Sections 7.8 through 7.15, Sections 8.1.1 through 8.1.4 (with respect to any writing, conception, discovery, development or making that occurred prior to expiration or termination of this Agreement), Sections 12.1 through 12.5, Sections 13.5 and 13.10, subparagraph (iii) of Section 14.2.2, Sections 14.3, 14.5 through 14.12, 14.14, 14.17 and 14.18 and ARTICLE 1 and ARTICLE 10 (other than Section 10.5) shall survive the termination or expiration of this Agreement for any reason, Sections 13.6 and 13.9 shall survive termination of this Agreement but not expiration, and Sections 13.1.1 and Sections 6.1 and 6.3 shall survive expiration of this Agreement but not termination. If this Agreement is terminated with respect to the Terminated Territory or a Terminated Target but not in its entirety, then following such termination the foregoing provisions of this Agreement shall remain in effect with respect to the Terminated Territory or Terminated Target, as applicable (to the extent they would survive and apply in the event the Agreement expires or is terminated in its entirety), and all provisions not surviving in accordance with the foregoing shall terminate upon termination of this Agreement with respect to the Terminated Territory or Terminated Target, as applicable, and be of no further force and effect (and, for purposes of clarity, all provisions of this Agreement shall remain in effect with respect to all countries in the Territory other than the Terminated Territory or with respect to the Accepted Target other than the Terminated Target).

13.10.2 Notwithstanding the termination of AbbVie's licenses and other rights under this Agreement or with respect to a particular Major Market or country or other jurisdiction or with respect to a Terminated Target, as the case may be, AbbVie shall have the right for **[***]** after the effective date of such termination with respect to each Major Market or country or other jurisdiction or Terminated Target with respect to which such termination applies to sell or otherwise dispose of all Discovery PDCs or Licensed Product then in its inventory and any in-progress inventory, in each case that is intended for sale or disposition in such Major Market or country or other jurisdiction or, in the case of a Terminated Target, in the Territory, as though this Agreement had not terminated with respect to such Major Market or country or other jurisdiction or Terminated Target, as applicable, and such sale or disposition shall not constitute infringement of Licensor's or its Affiliates' Patent or other intellectual property or other proprietary rights. For purposes of clarity, AbbVie shall continue to make payments thereon as provided in ARTICLE 7 (as if this Agreement had not terminated with respect to such Major Market or country or other jurisdiction or Terminated Target, as applicable).

ARTICLE 14
MISCELLANEOUS

14.1 Force Majeure. Neither Party shall be held liable or responsible to the other Party or be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement when such failure or delay is caused by or results from events beyond the reasonable control of the non-performing Party, including fires, floods, earthquakes, hurricanes, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), terrorist acts, insurrections, riots, civil commotion, strikes, lockouts, or other labor disturbances (whether involving the workforce of the non-performing Party or of any other Person), acts of God or acts, omissions or delays in acting by any governmental authority (except to the extent such delay results from the breach by the non-performing Party or any of its Affiliates of any term or condition of this Agreement). The non-performing Party shall notify the other Party of such force majeure within **[***]** after such occurrence by giving written notice to the other Party stating the nature of the event, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is necessary and the non-performing Party shall use commercially reasonable efforts to remedy its inability to perform.

14.2 Change in Control of Licensor.

14.2.1 [***]

14.2.2[***]

14.3Export Control. This Agreement is made subject to any restrictions concerning the export of products or technical information from the United States or other countries that may be imposed on the Parties from time to time. Each Party agrees that it will 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 in accordance with Applicable Law.

14.4Assignment.

14.4.1 Without the prior written consent of the other Party, neither Party shall sell, transfer, assign, delegate, pledge, or otherwise dispose of, whether voluntarily, involuntarily, by operation of law or otherwise, this Agreement or any of its rights or duties hereunder; *provided*, that (i) either Party may make such an assignment without the other Party's consent to its Affiliate or to a successor, whether in a merger, sale of stock, sale of assets or any other transaction, of all or substantially all of the business to which this Agreement relates; and [***]. With respect to an assignment to an Affiliate, the assigning Party shall remain responsible for the performance by such Affiliate of the rights and obligations hereunder. Any attempted assignment or delegation in violation of this Section 14.4 shall be void and of no effect. All validly assigned and delegated rights and obligations of the Parties hereunder shall be binding upon and inure to the benefit of and be enforceable by and against the successors and permitted assigns of Licensor or AbbVie, as the case may be. The permitted assignee or transferee shall

assume all obligations of its assignor or transferor under this Agreement. Without limiting the foregoing, the grant of rights set forth in this Agreement shall be binding upon any successor or permitted assignee of Licensor, and the obligations of AbbVie, including the payment obligations, shall run in favor of any such successor or permitted assignee of Licensor's benefits under this Agreement.

14.4.2[***]

14.4.3[***]

14.4.4 As used in this Section 14.4, "assignee" means the Third Party involved in the Change in Control transaction, and any Affiliate of such Third Party that was not an Affiliate of the Acquired Party immediately prior to the Change in Control; and "Acquired Party" means the Party that was the subject of such Change in Control, together with any entity that was its Affiliate immediately prior to the Change in Control.

14.5Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations of either Party under this Agreement will not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom, and (d) in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and reasonably acceptable to the Parties. To the fullest extent permitted by Applicable Law, each Party hereby waives any provision of law that would render any provision hereof illegal, invalid, or unenforceable in any respect.

14.6Governing Law, Jurisdiction and Service.

14.6.1Governing Law. This Agreement or the performance, enforcement, breach or termination hereof shall be interpreted, governed by and construed in accordance with the laws of the State of Delaware, United States, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction; *provided*, that all questions concerning (a) inventorship of Patents under this Agreement shall be determined in accordance with Section 8.1.4 and (b) the construction or effect of Patents shall be determined in accordance with the laws of the country or other jurisdiction in which the particular Patent has been filed or granted, as the case may be. The Parties agree to exclude the application to this Agreement of the United Nations Convention on Contracts for the International Sale of Goods.

14.6.2Service. Each Party further agrees that service of any process, summons, notice or document by registered mail to its address set forth in Section 14.8.2 shall be effective service of process for any action, suit, or proceeding brought against it under this Agreement in any such court.

14.7Dispute Resolution. Except for disputes resolved by the procedures set forth in Section 3.2.3 or 7.14, if a dispute arises between the Parties in connection with or

relating to this Agreement or any document or instrument delivered in connection herewith (a "**Dispute**"), it shall be resolved pursuant to this Section 14.7.

14.7.1General. Any Dispute shall first be referred to the Senior Officers of the Parties, who shall confer in good faith on the resolution of the issue. Any final decision mutually agreed to by the Senior Officers and documented in a written agreement shall be conclusive and binding on the Parties. If the Senior Officers are not able to agree on the resolution of any such issue within **[***]** (or such other period of time as mutually agreed by the Senior Officers) after such issue was first referred to them, then, except as otherwise set forth in Section 14.7.2, either Party may, by written notice to the other Party, elect to initiate an alternative dispute resolution ("**ADR**") proceeding pursuant to the procedures set forth in Section 14.7.3 for purposes of having the matter settled.

14.7.2Intellectual Property Disputes. In the event that a Dispute arises with respect the validity, scope, enforceability, inventorship or ownership of any Patent, Trademark or other intellectual property rights, and such Dispute cannot be resolved in accordance with Section 14.7.1, unless otherwise agreed by the Parties in writing, such Dispute shall not be submitted to an ADR proceeding in accordance with Section 14.7.3 and instead, either Party may initiate litigation in a court of competent jurisdiction, in any country or other jurisdiction in which such rights apply.

14.7.3ADR. Any ADR proceeding under this Agreement shall take place pursuant to the procedures set forth in Schedule 14.7.3.

14.7.4Expert Arbitration. Any dispute expressly stated in this Agreement to be resolved pursuant to this Section 14.7.4 shall take place pursuant to the following procedures:

(a) Arbitration Supervision. The expert arbitration shall be overseen by and conducted as a binding arbitration by a single arbitrator agreed to by both parties in accordance with the procedure set forth in Schedule 14.7.3(2) for the selection of a Neutral, and conducted pursuant to Schedule 14.7.3, sections 3 to 12, except as modified under this Section 14.7.4 The arbitrator may, upon agreement by the Parties, modify the procedures under Schedule 14.7.3, sections 3-12 as appropriate solely to expedite a "baseball" arbitration. The hearing to resolve each of the issues identified by the parties in the Parties shall be had no later than **[***]** after selection of the expert panel described in Section 14.7.4(b). All references to the Neutral in Schedule 14.7.3 shall refer to the expert panel described in Section 14.7.4(b).

(b) promptly following receipt of any notice requiring dispute resolution pursuant to this Section 14.7.4, the Parties shall meet and discuss in good faith and agree on an expert panel to resolve the issue under the supervision of an arbitrator as provided in Section 14.7.4(a), which expert panel shall consist of three (3) members and shall be neutral and independent of both Parties and all of their respective Affiliates, shall have significant experience and expertise in the substantive area in question, and shall have some experience in mediating or arbitrating issues relating to such agreements. If the Parties cannot agree on such expert panel within **[***]** of request by a Party for arbitration, then each Party shall select one (1) expert for such panel within **[***]** as from the expiration of the aforementioned **[***]** period and the two (2) experts selected by the Parties shall select a third

expert for the panel within **[***]** as from the appointment of the second expert; provided, that all such three (3) experts must meet the foregoing criteria, and further provided that if the Parties' experts cannot agree as to a third expert, the arbitrator (as described in Section 14.7.4(a)) shall appoint the third expert panel member. Any legal questions referred to the expert panel or raised by the expert panel shall be resolved by the arbitrator.

14.7.5Adverse Ruling. Any determination pursuant to this Section 14.7 that a Party is in material breach of its material obligations hereunder shall specify a (nonexclusive) set of actions to be taken to cure such material breach, if feasible.

14.7.6Interim Relief. Notwithstanding anything herein to the contrary, nothing in this Section 14.7 shall preclude either Party from seeking interim or provisional relief, including a temporary restraining order, preliminary injunction or other interim equitable relief concerning a Dispute, if necessary to protect the interests of such Party. This Section shall be specifically enforceable.

14.7.7Equitable Relief. Each Party acknowledges and agrees that the restrictions set forth in Section 6.8, Section 6.10 and ARTICLE 8 and ARTICLE 10 are reasonable and necessary to protect the legitimate interests of the other Party and that such other Party would not have entered into this Agreement in the absence of such restrictions, and that any breach or threatened breach of any provision of such Section or Articles may result in irreparable injury to such other Party for which there will be no adequate remedy at law. In the event of a breach or threatened breach of any provision of such Section or Articles, the non-breaching Party shall be authorized and entitled to seek from any court of competent jurisdiction injunctive relief, whether preliminary or permanent, specific performance, and an equitable accounting of all earnings, profits, and other benefits arising from such breach, which rights shall be cumulative and in addition to any other rights or remedies to which such non-breaching Party may be entitled in law or equity. Both Parties agree to waive any requirement that the other (a) post a bond or other security as a condition for obtaining any such relief, and (b) show irreparable harm, balancing of harms, consideration of the public interest, or inadequacy of monetary damages as a remedy.

14.8Notices.

14.8.1Notice Requirements. Any notice, request, demand, waiver, consent, approval, or other communication permitted or required under this Agreement shall be in writing, shall refer specifically to this Agreement and shall be deemed given only if (a) delivered by hand, (b) sent by facsimile transmission (with transmission confirmed), or (c) by internationally recognized overnight delivery service that maintains records of delivery, addressed to the Parties at their respective addresses specified in Section 14.8.2 or to such other address as the Party to whom notice is to be given may have provided to the other Party in accordance with this Section 14.8.1. Such notice shall be deemed to have been given as of the date delivered by hand or transmitted by facsimile (with transmission confirmed) or on the second Business Day (at the place of delivery) after deposit with an internationally recognized overnight delivery service. Any notice delivered by facsimile shall be confirmed by a hard copy delivered as soon as practicable thereafter. This Section 14.8.1 is not intended to govern the day-

to-day business communications necessary between the Parties in performing their obligations under the terms of this Agreement.

14.8.2Address for Notice.

If to AbbVie, to:

AbbVie Ireland Unlimited Company
Clarendon House
2 Church Street
Hamilton, HM11
Bermuda
Attention: Codan Services Limited
[***]

with a copy (which shall not constitute notice) to:

AbbVie Inc.
1 North Waukegan Road
North Chicago, Illinois 60064 U.S.
Attention: Executive Vice President, External
Affairs and General Counsel
[***]
If to Licensor, to:

CytomX Therapeutics, Inc.
343 Oyster Point Blvd., Suite 100
South San Francisco, CA, 94080-1913
Attention: General Counsel
[***]

with a copy (which shall not constitute notice) to:

Kenneth A. Clark
Wilson, Sonsini, Goodrich & Rosati LLP
650 Page Mill Road
Palo Alto, CA 94303
[***]

14.9Entire Agreement; Amendments. This Agreement, together with the Schedules attached hereto, and the Services Agreement among the Parties and **[***]**, set forth and constitute the entire agreement and understanding between the Parties with respect to the subject matter hereof and all prior agreements, understandings, promises, and representations, whether written or oral, with respect thereto are superseded hereby (including that certain Confidential Disclosure Agreement between the Parties or their respective Affiliates dated November 25, 2013, as amended (the "**Prior CDA**")). Each Party confirms that it is not relying on any representations or warranties of the other Party except as specifically set forth in this

Agreement. No amendment, modification, release, or discharge shall be binding upon the Parties unless in writing and duly executed by authorized representatives of both Parties.

14.10English Language. This Agreement shall be written and executed in, and all other communications under or in connection with this Agreement shall be in, the English language. Any translation into any other language shall not be an official version thereof, and in the event of any conflict in interpretation between the English version and such translation, the English version shall control.

14.11Waiver and Non-Exclusion of Remedies. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The waiver by either Party hereto of any right hereunder or of the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise. The rights and remedies provided herein are cumulative and do not exclude any other right or remedy provided by Applicable Law or otherwise available except as expressly set forth herein.

14.12No Benefit to Third Parties. Except as provided in ARTICLE 12, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties hereto and their successors and permitted assigns, and they shall not be construed as conferring any rights on any other Persons.

14.13Further Assurance. Each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes hereof, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

14.14Relationship of the Parties. It is expressly agreed that Licensor, on the one hand, and AbbVie, on the other hand, shall be independent contractors and that the relationship between the Parties shall not constitute a partnership, joint venture, or agency including for all tax purposes. Neither Licensor, on the one hand, nor AbbVie, on the other hand, shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other, without the prior written consent of the other Party to do so. All persons employed by a Party shall be employees of such Party and not of the other Party and all costs and obligations incurred by reason of any such employment shall be for the account and expense of such Party.

14.15Performance by Affiliates. AbbVie may use one (1) or more of its Affiliates to perform its obligations and duties hereunder and such AbbVie Affiliates are expressly granted certain rights herein; provided that each such Affiliate shall be bound by the corresponding obligations of AbbVie and, subject to an assignment to such Affiliate pursuant to Section 14.4, AbbVie shall remain liable hereunder for the prompt payment and performance of all their respective obligations hereunder.

14.16Counterparts; Facsimile Execution. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. This Agreement may be executed by facsimile or electronically transmitted signatures and such signatures shall be deemed to bind each Party hereto as if they were original signatures.

14.17 References. Unless otherwise specified, (a) references in this Agreement to any Article, Section or Schedule shall mean references to such Article, Section or Schedule of this Agreement, (b) references in any Section to any clause are references to such clause of such Section, and (c) references to any agreement, instrument, or other document in this Agreement refer to such agreement, instrument, or other document as originally executed or, if subsequently amended, replaced, or supplemented from time to time, as so amended, replaced, or supplemented and in effect at the relevant time of reference thereto.

14.18 Construction. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders and the word "or" is used in the inclusive sense (and/or). Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The captions of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The term "including," "include," or "includes" as used herein shall mean "including, but not limited to," and shall not limit the generality of any description preceding such term. 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. Each Party 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 will apply against the Party which drafted such terms and provisions.

[SIGNATURE PAGE FOLLOWS**]**

THIS AGREEMENT IS EXECUTED by the authorized representatives of the Parties as of the Effective Date.

CYTOMX THERAPEUTICS, INC.	**ABBVIE IRELAND UNLIMITED COMPANY**
By: /s/ Sean McCarthy	By: /s/ Scott Reents
Name: Sean McCarthy	Name: Scott Reents
Title: President and CEO	Title: Director

Schedule 1.17

Announced Reserved Programs

[***]

Schedule 1.19

Antibody Criteria

- [***]
- [***]

Schedule 1.48

Corporate Name

CytomX Therapeutics, Inc.

CYTOMX

PROBODY

Schedule 1.56

Discovery PDC Success Criteria

[***]

Schedule 1.59

Discovery Probody Success Criteria

[***]

Schedule 1.60

Discovery Research Plan

[***]

Schedule 1.173

Tool Patents

[***]

Schedule 7.4.4

Peer-Reviewed Publications

American Journal of Clinical Oncology
Kantar Health (syndicate data)
CA: Cancer Journal for Clinicians
Nature Reviews Cancer
Lancet Oncology

Schedule 10.4

Form of Press Release

CytomX and AbbVie Announce Strategic Collaboration for Probody Drug Conjugates

- Companies to Jointly Develop and Commercialize Probody Drug Conjugates Directed Against CD71
- AbbVie to Receive the Right to License Probody Drug Conjugates for up to Two Additional Undisclosed Targets
- CytomX to Receive $30 Million Upfront Payment

SOUTH SAN FRANCISCO, Calif. and North Chicago, Ill., April XX, 2016 (GLOBE NEWSWIRE) -- CytomX Therapeutics, Inc. (Nasdaq:CTMX) and AbbVie Inc. (NYSE: ABBV) today announced that they have entered into a collaboration to co-develop and co-commercialize Probody™ Drug Conjugates against CD71, also known as transferrin receptor 1 (TfR1). CD71 is highly expressed in a number of solid and hematologic cancers and has attractive molecular properties for efficient delivery of cytotoxic payloads to tumor cells. Probody therapeutics are designed to take advantage of unique conditions in the tumor microenvironment to enhance the tumor-targeting features of an antibody and reduce drug activity in healthy tissues.

"We believe that the Probody platform provides a differentiated opportunity to combine with our strength in antibody drug conjugates," said Steve Davidsen, Ph.D., vice president, oncology drug discovery, AbbVie. "We are encouraged by the promising preclinical data that CytomX has generated for their Probody drug conjugate programs to-date and look forward to working closely with their team. This collaboration will enable us to expand our innovative pipeline in antibody drug conjugates and leverage our strength in that area to previously unexplored targets."

"This collaboration is another important step toward achieving CytomX's vision of transforming lives with safer, more effective therapies and allows us to further advance our broad pipeline of Probody therapeutics," stated Sean McCarthy, D.Phil., president and chief executive officer at CytomX. "AbbVie has demonstrated leadership in developing antibody drug conjugates and we look forward to collaborating with their team to realize the full potential of our CD71 Probody drug conjugate program and additional oncology targets."

Probody therapeutics are designed to remain inactive until they are activated by proteases in the tumor microenvironment. As a result, Probody therapeutics bind selectively to tumors and avoid binding to healthy tissue, to minimize toxicity and potentially create safer, more effective therapies. CytomX has generated preclinical data that demonstrates that Probody drug conjugates can safely and effectively target tumor antigens, such as CD71, that are not addressable by conventional antibody-drug conjugates.

Under the terms of the agreement, CytomX and AbbVie will co-develop a Probody drug conjugate against CD71, with CytomX leading pre-clinical and early clinical development. AbbVie will lead later development and commercialization, with global late-stage development costs shared between the

two companies. CytomX will receive an upfront payment of $30 million and is eligible to receive up to $470 million in development, regulatory and commercial milestones, pending the achievement of pre-determined outcomes. AbbVie will lead global commercial activities with CytomX eligible to receive a profit share in the U.S. and tiered double-digit royalties on net product sales outside of the U.S. CytomX retains an option to co-promote in the U.S.

AbbVie also receives exclusive worldwide rights to develop and commercialize Probody drug conjugates against up to two additional, undisclosed targets. Should AbbVie ultimately pursue these targets, CytomX is eligible to receive additional milestone and royalty payments per target on any resulting products.

Conference Call / Webcast Information

CytomX will host a teleconference today at 8:30 a.m. EDT to discuss the strategic collaboration. Sean McCarthy, D.Phil., president and chief executive officer and Bob Goeltz, chief financial officer, will lead the teleconference. A live audio webcast of the presentation will be available through the Investor and News page of CytomX's website at http://ir.cytomx.com. An archived replay will be available for 90 days following the event.

About CytomX Therapeutics

CytomX is an oncology-focused biopharmaceutical company pioneering a novel class of investigational antibody therapeutics based on its Probody technology platform. The company uses the platform to create development-stage proprietary cancer immunotherapies against clinically-validated targets, as well as to develop first-in-class investigational cancer therapeutics against novel targets. CytomX believes that its Probody platform has the potential to improve the combined efficacy and safety profile of monoclonal antibody modalities, including cancer immunotherapies, antibody drug conjugates and T-cell-recruiting bispecific antibodies. Probody therapeutics are designed to take advantage of unique conditions in the tumor microenvironment to enhance the tumor-targeting features of an antibody and reduce drug activity in healthy tissues. Investigational Probody therapeutics are being developed that address clinically-validated cancer targets in immuno-oncology, such as PD-L1, against which clinical candidate CX-072 is directed, as well as novel targets, such as CD166, that are difficult to drug without causing damage to healthy tissues, or toxicities. In addition to its proprietary programs, CytomX is collaborating with strategic partners including AbbVie Inc., Bristol-Myers Squibb Company, Pfizer Inc., MD Anderson Cancer Center, and ImmunoGen, Inc. For more information, visit www.cytomx.com.

About AbbVie Inc.

AbbVie is a global, research-based biopharmaceutical company formed in 2013 following separation from Abbott Laboratories. The company's mission is to use its expertise, dedicated people and unique approach to innovation to develop and market advanced therapies that address some of the world's most complex and serious diseases. Together with its wholly-owned subsidiary, Pharmacyclics, AbbVie employs more than 28,000 people worldwide and markets medicines in more than 170 countries. For further information on the company and its people, portfolio and commitments, please visit www.abbvie.com. Follow @abbvie on Twitter or view careers on our Facebook or LinkedIn page.

Forward-Looking Statements

CytomX

This press release includes forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that are difficult to predict, may be beyond CytomX's control, and may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in such statements. Accordingly, you should not rely on any of these forward-looking statements. Our Probody platform is in preclinical development, and the process by which a preclinical technology could potentially lead to an approved product is long and subject to significant risks and uncertainties. Applicable risks and uncertainties include those relating to our preclinical research and development and other risks identified under the heading "Risk Factors" included in CytomX's filings with the SEC. The forward-looking statements contained in this press release are based on information currently available to CytomX and speak only as of the date on which they are made. CytomX does not undertake and specifically disclaims any obligation to update any forward-looking statements, whether as a result of any new information, future events, changed circumstances or otherwise.

AbbVie

Some statements in this news release may be forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "anticipate," "project" and similar expressions, among others, generally identify forward-looking statements. AbbVie cautions that these forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those indicated in the forward-looking statements. Such risks and uncertainties include, but are not limited to, challenges to intellectual property, competition from other products, difficulties inherent in the research and development process, adverse litigation or government action, and changes to laws and regulations applicable to our industry. Additional information about the economic, competitive, governmental, technological and other factors that may affect AbbVie's operations is set forth in Item 1A, "Risk Factors," of AbbVie's 2015 Annual Report on Form 10-K, which has been filed with the Securities and Exchange Commission. AbbVie undertakes no obligation to release publicly any revisions to forward-looking statements as a result of subsequent events or developments, except as required by law.

CytomX

Corporate Communications Contact:

Canale Communications
Ian Stone
ian@canalecomm.com
619-849-5388

Investor Contact:

Trout Group
Pete Rahmer
prahmer@troutgroup.com
646-378-2973

AbbVie
Media:
Adelle Infante
847-938-8745

Investors:
Liz Shea
847-935-2211

Schedule 11.2.1

Existing Patents

[***]

Schedule 14.7.3

ADR Procedures

[***]

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)) 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) Omitted;

   (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: August 3, 2016

By: /s/ Sean A. McCarthy
Name: Sean A. McCarthy
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert C. Goeltz II, 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)) 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) Omitted;

   (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: August 3, 2016

By: /s/ Robert C. Goeltz
Name: Robert C. Goeltz II
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 June 30, 2016, 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"):

(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: August 3, 2016

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 June 30, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Goeltz II, 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: August 3, 2016

By: /s/ Robert C. Goeltz
Name: Robert C. Goeltz II
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.