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As filed with the Securities and Exchange Commission on September 9, 2015.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ANAPTYSBIO, INC.
(Exact name of registrant as specified in its charter)

Delaware	2834	20-3828755
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

10421 Pacific Center Court, Suite 200
San Diego, CA 92121
(858) 362-6295
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Hamza Suria
Chief Executive Officer
AnaptysBio, Inc.
10421 Pacific Center Court, Suite 200
San Diego, CA 92121
(858) 362-6295
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

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	☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price(1)(2)	Amount of registration fee
Common stock, $0.001 par value per share	$86,250,000	$10,023

(1) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.
(2) Includes the offering price of additional shares that the underwriters have the option to purchase.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Preliminary Prospectus *Subject to Completion, dated September 9, 2015*

Shares

AnaptysBio, Inc.
Common Stock
$ Per Share

This is the initial public offering of shares of our common stock. We are offering shares of our common stock. We anticipate that the initial public offering price of our common stock will be between $ and $ per share.

Prior to this offering, there has been no public market for our common stock. We have applied to list our common stock on the NASDAQ Global Market under the symbol “ANAB.”

We are an “emerging growth company” as that term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, we have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our common stock involves a high degree of risk. See “Risk Factors” beginning on page 12 of this prospectus.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to AnaptysBio, Inc. (before expenses)	$	$

(1) We refer you to “Underwriting” beginning on page 150 of this prospectus for additional information regarding total underwriter compensation.

To the extent the underwriters sell more than shares of common stock, the underwriters have the option for a 30-day period to purchase up to an additional shares from us at the initial public offering price less the underwriting discount.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock to the purchasers on or about , 2015.

Joint Book-Running Managers

BMO Capital Markets **Stifel**

Co-Managers

JMP Securities **Wedbush PacGrow**

Prospectus dated , 2015.

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We have not, and the underwriters have not, authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

Through and including , 2015 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Persons who come into possession of this prospectus and any applicable free writing prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes thereto and the information set forth under the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included in this prospectus. Unless the context otherwise requires, we use the terms "AnaptysBio," "company," "we," "us" and "our" in this prospectus to refer to AnaptysBio, Inc. and our subsidiary.

Overview

We are a biotechnology company developing first-in-class antibody product candidates focused on unmet medical needs in inflammation and immuno-oncology. We develop our product candidates using our proprietary antibody discovery technology platform, which is designed to replicate, *in vitro*, the natural process of antibody generation. Our platform is based upon a breakthrough understanding of somatic hypermutation, the key biological process utilized to generate antibodies, which enables us to rapidly develop highly functional antibody drug candidates against emerging biological targets. Our most advanced, wholly-owned programs, ANB020 and ANB019, are being developed to treat severe inflammatory disorders with unmet medical need. In 2016, we plan to initiate clinical trials of ANB020, an antibody that inhibits the activity of interleukin-33 for the treatment of severe adult asthma and severe adult peanut allergy, and ANB019, an antibody that inhibits the interleukin-36 receptor for the treatment of rare inflammatory diseases called generalized pustular psoriasis (GPP) and palmo-plantar pustular psoriasis (PPP). Our company is led by a strong management team with a proven track record of successfully growing biotechnology companies with deep experience in antibody discovery and development, collaborations, operations and corporate finance. Our investors include Biotechnology Value Fund, Cormorant Asset Management, Frazier Healthcare, HBM Partners, Longwood Capital Partners and Novo A/S.

Additionally, we have entered into multiple collaborations from which we expect four programs will enter the clinic by the end of 2016. Our collaborations include an immuno-oncology-focused collaboration with TESARO, Inc. and TESARO Development, Ltd., or collectively, TESARO, and an inflammation-focused collaboration with Celgene Corporation, or Celgene. Through August 31, 2015, we have received non-dilutive funding of $48.7 million from our collaborators.

Our Product Candidates

We have developed, and will continue to develop, antibody product candidates that leverage emerging insights into biological mechanisms to treat severe diseases with unmet medical need. The following table summarizes certain key information about our wholly-owned and partnered product candidates:

	Therapeutic Area	Antibody Target(s)	Current Status	Clinical Indications	Commercial Rights
Wholly-Owned Programs	Inflammation	IL-33 antagonist (ANB020)	Preclinical development	Asthma and allergy	AnaptysBio
		IL-36R antagonist (ANB019)	Preclinical development	GPP and PPP	
		Checkpoint agonist	Lead selection	Inflammation	
	Immuno-Oncology	Checkpoint antagonist	Lead selection	Oncology	AnaptysBio
		Checkpoint antagonist	Lead selection		
Partnered Programs	Inflammation	Undisclosed	Preclinical development	Inflammation	Celgene
		Undisclosed	Preclinical development		
	Immuno-Oncology	PD-1 antagonist (TSR-042)	Preclinical development	Oncology	TESARO
		TIM-3 antagonist	Preclinical development		
		LAG-3 antagonist	Preclinical development		
		PD-1/TIM-3 bispecific antagonist	Lead selection		
		PD-1/LAG-3 bispecific antagonist	Lead selection		
		Bispecific antagonist of two undisclosed checkpoints	Lead selection		

Our most advanced, wholly-owned product candidates are summarized below:

- **ANB020** is an antibody that inhibits the activity of interleukin-33, or IL-33, a pro-inflammatory cytokine that multiple studies have indicated is a central mediator of atopic diseases, including asthma, food allergies and atopic dermatitis. IL-33 acts on several cell types, including white blood cells that initiate and orchestrate atopic responses. IL-33 also directly mediates release of disease-associated cytokines, which recruit pro-inflammatory cells that mediate atopic disease. Because ANB020 inhibits IL-33 function, and acts upstream broadly across the key cell types and cytokines involved in atopy, we believe that its mechanism has advantages in the treatment of atopic diseases over competing agents that block only a subset of the cytokines responsible for atopic diseases. We believe ANB020 is potentially the first-in-class therapy targeting IL-33. We anticipate filing an Australian Clinical Trial Notification, or CTN, for ANB020 during the fourth quarter of 2015, the approval of which would allow us to commence clinical trials in Australia. We plan to commence a Phase 1 healthy volunteer trial in Australia in early 2016, followed by patient trials in severe adult asthma and severe adult peanut allergy in other countries, including the United States after submitting an Investigational New Drug application, or IND, to the U.S. Food and Drug Administration, or FDA. We estimate, based on our analysis of publicly available data sources and interviews with physicians and key opinion leaders in the field, that asthma affects approximately 7.7% of the adult U.S. population, or approximately 19.0 million individuals, of which 19%, or approximately 3.6 million have severe, persistent occurrence of this respiratory disease. Peanut allergy is the most common cause of food-induced allergy in the United States. Based on our analysis, we estimate approximately 1.7 million adults are affected by peanut allergy, of which approximately 600,000 are treated by allergists and approximately 400,000 are at risk for severe reactions and therefore we believe are suitable for treatment with systemic biological therapies.

- **ANB019** is an antibody that inhibits the function of the interleukin-36-receptor, or IL-36R, which we are initially developing as a potential first-in-class therapy for GPP patients. GPP is a life-threatening, rare, systemic inflammatory disorder that, based on our analysis of publicly available data sources and interviews with physicians and key opinion leaders in the field, we estimate affects approximately 3,000 patients in the United States with no approved therapies. Studies have shown that GPP is associated with mutations that lead to abnormally high signaling through the IL-36R, which we believe can be addressed by treatment with ANB019. We believe ANB019 is the most advanced therapeutic antibody targeting the IL-36R in development. We anticipate filing an Australian CTN for ANB019 during the second half of 2016, the approval of which would allow us to initiate Phase 1 trials in Australia during the second half of 2016. We plan to subsequently develop ANB019 in the United States after submitting an IND to the FDA and to seek FDA Orphan Drug Designation for the treatment of GPP and PPP. The FDA may grant Orphan Drug Designation to a drug intended to treat a disease or condition, that generally affects fewer than 200,000 individuals in the United States.

Our SHM-XEL Platform

Our approach to developing novel therapeutic antibody product candidates relies upon somatic hypermutation, or SHM, a critical, endogenous process that generates the essential antibody diversity required to develop a natural immune response to pathogens. Our proprietary antibody generation platform, called SHM-XEL, is designed to replicate the natural process of SHM *in vitro.* Competing antibody discovery technologies include mouse immunization methodologies, microbial antibody display and human B-cell screening. We believe SHM-XEL overcomes several key limitations associated with these competing technologies and has the following competitive advantages:

- **Diversity against difficult targets.** By applying SHM without the constraints of an *in vivo* environment we are able to generate an unprecedented diversity of antibodies. This enables us to develop antibodies against human targets that we believe have not otherwise been accessible to other technologies.
- **High potency.** Because our platform generates highly-potent antibodies, we are potentially able to modulate every extracellular target associated with human disease, and believe only small therapeutic doses may be required to mediate therapeutic effect *in vivo*.
- **Functional activity selection.** Our mammalian cell system simultaneously displays and secretes antibodies during the antibody discovery process, allowing us to incorporate functional assays throughout the process and focus on product candidates that are optimized for the desired therapeutic activity.
- **Speed.** Our platform technology enables us to generate therapeutic-grade antibodies and initiate subsequent preclinical manufacturing and toxicology studies, typically in less than 12 months. We believe this timeline is significantly shorter than conventional approaches based upon mouse immunization and microbial display systems.
- **Manufacturability.** By utilizing our mammalian cell display system, we believe our approach increases the probability of success in manufacturing and commercialization by mitigating risks associated with antibody expression, formulation and stability during the antibody generation process.
- **Bispecific antibodies.** Our novel approach for the generation of bispecific antibodies leverages SHM to combine two therapeutic mechanisms into a single natural antibody molecule.

Our Collaborations

We have established collaborations with pharmaceutical and biotechnology companies that have provided us with $48.7 million in payments through August 31, 2015. In addition to our wholly-owned antibody programs, we are developing antibody product candidates for immuno-oncology and inflammation targets through strategic collaborations. Our collaborations with TESARO and Celgene are described below:

TESARO Programs

Under our immuno-oncology collaboration with TESARO, we have granted exclusive rights to TESARO to develop and commercialize antibodies generated using our SHM-XEL platform consisting of the following antibody product candidates:

- *Anti-PD-1 Monospecific Antagonist Antibody (TSR-042)*: currently in preclinical development with an IND submission anticipated in the fourth quarter of 2015 and first-in-human dosing in early 2016;
- *Anti-TIM-3 Monospecific Antagonist Antibody*: currently in preclinical development;
- *Anti-LAG-3 Monospecific Antagonist Antibody*: currently in preclinical development;
- *Anti-PD-1/TIM-3 Bispecific Antagonist Antibody*: currently in lead selection process;
- *Anti-PD-1/LAG-3 Bispecific Antagonist Antibody*: currently in lead selection process; and
- *Undisclosed Bispecific Antagonist Antibody*: currently in lead selection process.

Celgene Programs

Under our collaboration with Celgene, we developed therapeutic antibodies against multiple targets. We granted Celgene the option to obtain worldwide commercial rights to antibodies generated against each of the targets under the agreement, which option was triggered on a target-by-target basis by our delivery of antibodies meeting certain pre-specified parameters pertaining to each target under collaboration. We successfully delivered antibodies against three targets. Celgene is currently advancing two anti-inflammatory antibody programs to the clinic.

Our Strategy

We are a leading antibody development company with a pipeline of novel therapeutic antibodies, which is being further expanded by applying our technology platform to emerging biological targets. The key elements of our strategy include:

- **Advancing our lead product candidates into the clinic.** We plan to initiate a Phase 1 healthy volunteer trial for ANB020 in early 2016, followed by trials in severe adult asthma and severe adult peanut allergy patients. We plan to initiate a Phase 1 healthy volunteer trial for ANB019 during the second half of 2016, followed by a registration study in GPP patients. For both ANB020 and ANB019, we plan to conduct our initial clinical trials in Australia, and to then conduct further clinical development in the United States and other countries. We have elected to pursue this strategy in order to benefit from certain financial incentives that Australia makes available for biotechnology research and development, and because we believe that Australia provides a streamlined approval processes for the initiation of first-in-human studies and that the clinical data we generate in Australia will subsequently be accepted by the FDA and its foreign equivalents outside of Australia.
- **Identifying emerging opportunities in key therapeutic areas.** We intend to remain at the forefront of discovery and development of new therapeutic opportunities in inflammation and immuno-oncology by understanding and translating biological breakthroughs into first-in-class therapeutic antibodies. Our

approach includes assessment of human genetics and tissue pathology to understand the relevance of emerging targets to patients with unmet medical needs. We plan to leverage this knowledge to create new product candidates and position our current and future programs for rapid clinical proof-of-concept achievement.

- **Continuing to expand our proprietary pipeline by generating new product candidates using our technology platform.** Using our proprietary antibody generation platform, we are able to rapidly develop novel therapeutic antibodies against emerging targets. Our goal is to advance one or more wholly-owned new therapeutic antibody program to an IND submission to the FDA, or foreign equivalent, each year.
- **Retaining rights to strategic products in key commercial markets.** We intend to retain ownership and control of our pipeline programs to key inflection points. We may build sales and marketing capabilities in selected specialty markets that we believe can be served with a focused commercial organization. For certain programs, we plan to seek strategic collaborations that provide us with funding, infrastructure and marketing resources to advance through development and commercialization.

Risks Affecting Us

Our business is subject to a number of risks and uncertainties, including those highlighted in the section titled “Risk Factors” immediately following this prospectus summary. These risks include, among others, the following:

- Our product candidates are in early stages of development and may fail in development or suffer delays that adversely affect their commercial viability. If we or our collaborators are unable to complete development of or commercialize our product candidates or experience significant delays in doing so, our business will be materially harmed.
- We and/or our collaborators may be unable to obtain, or may be delayed in obtaining, required regulatory approvals in the United States or in foreign jurisdictions, which would materially impair our ability to commercialize and generate revenue from our product candidates.
- We may not be successful in our efforts to use and expand our technology platform to build a pipeline of product candidates and develop marketable products.
- We have no history of conducting clinical trials or commercializing biotechnology products, which may make it difficult to evaluate the prospects for our future viability.
- We have never dosed any of our product candidates in humans. Our planned clinical trials or those of our collaborators may reveal significant adverse events, toxicities or other side effects not seen in our preclinical studies and may result in a safety profile that could inhibit regulatory approval or market acceptance of any of our product candidates.
- We face significant competition, and if our competitors develop and market products that are more effective, safer or less expensive than our product candidates, our commercial opportunities will be negatively impacted.
- Our existing collaborations, including those with TESARO and Celgene, are important to our business, and future collaborations may also be important to us. If we are unable to maintain any of these collaborations, or if these collaborations are not successful, our business could be adversely affected.
- The manufacture of biologics is complex and our third-party manufacturers may encounter difficulties in production. If any of our third-party manufacturers encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped.

- We have limited operating revenue and a history of operational losses and may not achieve or sustain profitability. We have no products approved for commercial sale, and to date we have not generated any revenue or profit from product sales.
- We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of our product candidates or develop new product candidates.
- Our executive officers, directors, current 5% or greater stockholders and entities affiliated with any of them, together will own % of our common stock based on the number of shares outstanding as of June 30, 2015, after giving effect to the sale and issuance of 38,436,851 shares of Series D convertible preferred stock in July 2015; the concentration of our capital stock ownership will likely limit your ability to influence corporate matters.

Corporate Information

We were incorporated under the laws of the State of Delaware in November 2005. Our principal executive offices are located at 10421 Pacific Center Court, Suite 200, San Diego, California 92121, and our telephone number is (858) 362-6295. Our website address is www.anaptysbio.com. The information contained on, or that can be accessed through, our website is not part of, and is not incorporated by reference into, this prospectus. Investors should not rely on any such information in deciding whether to purchase our common stock.

The mark “AnaptysBio” is our common law trademark. All other service marks, trademarks and trade names appearing in this prospectus are the property of their respective owners.

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or JOBS Act, enacted in April 2012. An “emerging growth company” may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- 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 may use these provisions until the last day of our fiscal year following the fifth anniversary of the closing of this offering. However, if certain events occur prior to the end of such five-year period, including if we become a “large accelerated filer,” our annual gross revenues exceed $1.0 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

We have elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. We have irrevocably elected not to avail ourselves of this exemption and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

The Offering

Shares of common stock offered by us	shares.
Option to purchase additional shares to be offered by us	shares.
Shares of common stock to be outstanding immediately after this offering	shares (shares if the underwriters exercise their option to purchase additional shares in full).
Voting rights	Upon the closing of this offering, each outstanding share of our convertible preferred stock will automatically convert into one share of common stock. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. See "Description of Capital Stock."
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares in full), based upon the assumed initial offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds that we receive in this offering for product discovery and development and general corporate purposes. We may use a portion of the proceeds to acquire other complementary businesses or technologies. See "Use of Proceeds" for a more complete description of the intended use of proceeds from this offering.
Risk factors	You should read the "Risk Factors" section of this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Proposed NASDAQ Global Market symbol	"ANAB"

The number of shares of our common stock to be outstanding after this offering is based on 98,456,544 shares of our common stock outstanding as of June 30, 2015, and gives effect to the sale and issuance of 38,436,851 shares of Series D convertible preferred stock at a price of $1.06 per share in a private placement by us in July 2015.

The number of shares of our common stock to be outstanding after this offering excludes:

- 8,657,422 shares of common stock issuable upon the exercise of options outstanding as of June 30, 2015, with a weighted-average exercise price of $0.1870 per share;

- 5,496,050 shares of common stock issuable upon the exercise of options granted between June 30, 2015 and August 31, 2015, with an exercise price of $0.99 per share;
- shares of common stock reserved for future issuance under our stock-based compensation plans, consisting of (a) 3,178,857 shares of common stock reserved for future issuance under our 2006 Equity Incentive Plan as of August 31, 2015, (b) shares of common stock reserved for future issuance under our 2015 Equity Incentive Plan, which will become effective on the date immediately prior to the date of this prospectus and (c) shares of common stock reserved for future issuance under our 2015 Employee Stock Purchase Plan, which will become effective on the date of this prospectus. Upon closing of this offering, any remaining shares available for issuance under our 2006 Equity Incentive Plan will be added to the shares reserved under our 2015 Equity Incentive Plan and we will cease granting awards under our 2006 Equity Incentive Plan. Our 2015 Equity Incentive Plan and 2015 Employee Stock Purchase Plan also provide for automatic annual increases in the number of shares reserved under the plans each year, as more fully described in "Executive Compensation—Employee Benefit and Stock Plans;"
- 822,386 shares of our common stock issuable upon exercise of warrants for shares of common stock with an exercise price of $0.65 per share, that do not expire upon the closing of this offering; and
- 2,063,484 shares of common stock issuable upon the exercise of warrants to purchase shares of our Series C convertible preferred stock that were outstanding as of June 30, 2015, with an exercise price of $0.65 per share, that do not expire upon the closing of this offering.

Except as otherwise indicated, all information in this prospectus assumes:

- the automatic conversion of all outstanding shares of our convertible preferred stock as of June 30, 2015 into an aggregate of 42,208,202 shares of common stock immediately prior to the closing of this offering;
- the automatic conversion of 38,436,851 shares of Series D convertible preferred stock into 38,436,851 shares of common stock immediately prior to the closing of this offering;
- a -for- reverse stock split of our common stock and convertible preferred stock, which will become effective prior to the completion of this offering;
- the effectiveness of our restated certificate of incorporation in connection with the closing of this offering;
- no exercise of outstanding stock options or warrants subsequent to June 30, 2015; and
- no exercise of the underwriters' option to purchase additional shares.

Summary Consolidated Financial Data

The summary statements of operations data presented below for the years ended December 31, 2013 and 2014 are derived from our audited financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data for the six months ended June 30, 2014 and 2015 and our consolidated balance sheet data as of June 30, 2015 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited consolidated financial statements were prepared on a basis consistent with our audited financial statements and reflect, in the opinion of management, all adjustments of a normal recurring nature that are necessary for the fair presentation of the financial statements. The following summary consolidated financial data should be read with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in any future period, and the results for the six months ended June 30, 2015 are not necessarily indicative of results to be expected for the full year. The summary financial data in this section are not intended to replace the financial statements and are qualified in their entirety by the financial statements and related notes included elsewhere in this prospectus.

(in thousands, except per share data)	Year Ended December 31, 2013	Year Ended December 31, 2014	Six Months Ended June 30, 2014	Six Months Ended June 30, 2015
			(unaudited)	
Consolidated Statements of Operations Data:				
Collaboration revenue	$ 5,483	$15,838	$ 5,979	$ 8,979
Operating expenses:				
Research and development	8,820	8,614	3,878	6,389
General and administrative	1,950	2,354	1,230	1,626
Total operating expenses	10,770	10,968	5,108	8,015
Income (loss) from operations	(5,287)	4,870	871	964
Other income (expense), net				
Interest expense	(886)	(1,281)	(1,270)	(229)
Change in fair value of liability for preferred stock warrants	627	(59)	(30)	(1,151)
Other income (expense)	1	2	1	(15)
Total other expense, net	(258)	(1,338)	(1,299)	(1,395)
Net income (loss)	(5,545)	3,532	(428)	(431)
Net income attributed to participating securities	—	(3,300)	—	—
Net income (loss) attributed to common stockholders	$ (5,545)	$ 232	$ (428)	$ (431)
Net income (loss) per common share:(1)				
Basic	$ (0.71)	$ 0.01	$ (0.02)	$ (0.02)
Diluted	$ (0.71)	$ 0.01	$ (0.02)	$ (0.02)
Weighted-average number of shares outstanding:(1)				
Basic	7,787	17,368	17,368	17,583
Diluted	7,787	18,627	17,368	17,583
Pro forma net income (loss) per common share (unaudited):(1)				
Basic		$ 0.06		$ (0.01)
Diluted		$ 0.06		$ (0.01)
Pro forma weighted-average number of shares outstanding (unaudited):(1)				
Basic		58,473		59,791
Diluted		59,732		59,791

(1) See Note 2 to our annual and interim consolidated financial statements for an explanation of the method used to calculate basic and diluted net income (loss) per common share, unaudited pro forma basic and diluted net income (loss) per common share and the weighted-average number of shares used in the computation of the per share amounts.

	As of June 30, 2015 (unaudited)		
(in thousands)	Actual	Pro Forma(1)	Pro Forma as Adjusted(2)(3)
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$16,894	$	$
Total assets	22,291		
Notes payable, current portion	634	634	634
Notes payable, noncurrent portion	4,214	4,214	4,214
Preferred stock warrant liabilities	1,720	—	—
Convertible preferred stock	36,828	—	—
Total stockholders' equity (deficit)	(30,975)		

(1) The pro forma consolidated balance sheet data give effect to: (i) the automatic conversion of all outstanding shares of our convertible preferred stock as of June 30, 2015 into 42,208,202 shares of common stock immediately prior to the closing of this offering; (ii) the sale and issuance of 38,436,851 shares of our Series D convertible preferred stock in a private placement by us in July 2015; (iii) the automatic conversion of 38,436,851 shares of Series D convertible preferred stock into 38,436,851 shares of common stock immediately prior to the closing of this offering; and (iv) the conversion of the preferred stock warrants into common stock warrants and the related reclassification of the preferred stock warrant liability to additional paid-in capital.

(2) The pro forma as adjusted balance sheet data give effect to the pro forma adjustments and the sale of shares of common stock by us in this offering, based on an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(3) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, total assets and total stockholders' equity (deficit) by approximately $ million, assuming that the number of shares offered by us, remains the same and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of one million shares in the number of shares offered by us would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, total assets and total stockholders' equity (deficit) by approximately $ million, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before making your decision to invest in shares of our common stock, you should carefully consider the risks described below, together with the other information contained in this prospectus, including our financial statements and the related notes appearing at the end of this prospectus. We cannot assure you that any of the events discussed below will not occur. These events could have a material and adverse impact on our business, results of operations, financial condition and cash flows. If that were to happen, the trading price of our common stock could decline, and you could lose all or part of your investment.

Risks Related to Discovery and Development of Our Product Candidates

Our product candidates are in early stages of development and may fail in development or suffer delays that adversely affect their commercial viability. If we or our collaborators are unable to complete development of or commercialize our product candidates or experience significant delays in doing so, our business will be materially harmed.

We are using our proprietary technology platform to develop therapeutic antibodies, including our two lead wholly-owned product candidates, ANB019 and ANB020, as well as other programs that are being developed by our collaborators. However, all of our wholly-owned and partnered product candidates are in the early stages of development, and, for a wide variety of reasons discussed below, may fail in development or suffer delays that adversely affect their commercial viability.

A product candidate can unexpectedly fail at any stage of preclinical and clinical development. The historical failure rate for product candidates is high due to scientific feasibility, safety, efficacy, changing standards of medical care and other variables. The results from preclinical testing or early clinical trials of a product candidate may not predict the results that will be obtained in later phase clinical trials of the product candidate.

The success of our current product candidates, and any other product candidates we may develop in the future, will depend on many factors, including the following:

- obtaining regulatory permission to initiate clinical trials;
- successful enrollment of patients in, and the completion of, our planned clinical trials;
- receiving marketing approvals from applicable regulatory authorities;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- obtaining and maintaining patent and trade secret protection and non-patent exclusivity for our product candidates and their components;
- enforcing and defending intellectual property rights and claims;
- achieving desirable therapeutic properties for our product candidates' intended indications;
- launching commercial sales of our product candidates, if and when approved, whether alone or in collaboration with third parties;
- acceptance of our product candidates, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies; and
- maintaining an acceptable safety profile of our product candidates through clinical trials and following regulatory approval.

If we do not achieve one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize our product candidates, which would harm our business.

Furthermore, delays or difficulties in patient enrollment or difficulties in retaining trial participants can result in increased costs, longer development times or termination of a clinical trial. Clinical trials of a new product candidate require the enrollment of a sufficient number of patients, including patients who are suffering from the disease the product candidate is intended to treat and who meet other eligibility criteria. Rates of patient enrollment are affected by many factors, including the size of the patient population, the eligibility criteria for the clinical trial, the age and condition of the patients, the stage and severity of disease, the nature of the protocol, the proximity of patients to clinical sites and the availability of effective treatments for the relevant disease. We may not be able to initiate our planned clinical trials if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the U.S. Food and Drug Administration, or FDA, or foreign regulatory authorities. More specifically, some of our product candidates, including ANB019, initially target indications that are very rare, which can prolong the clinical trial timeline for the regulatory process if sufficient patients cannot be enrolled in a timely manner.

We and/or our collaborators may be unable to obtain, or may be delayed in obtaining, required regulatory approvals in the United States or in foreign jurisdictions, which would materially impair our ability to commercialize and generate revenue from our product candidates.

Our ability to continue to develop our product candidates, and to have the potential to achieve and sustain profitability, depends on the FDA and foreign regulatory authorities permitting us to conduct human clinical trials and, if our products are safe and effective, obtaining approval from the FDA and foreign regulatory authorities to market them and subsequently successfully commercializing them, either alone or with our collaborators. The research, testing, manufacturing, labeling, approval, selling, marketing and distribution of drug and biologic products are subject to extensive regulation by the FDA and foreign regulatory authorities. Before commencing clinical trials in the United States for any product candidate, we must submit an IND to the FDA; foreign regulatory authorities enforce similar requirements for initiation of clinical trials in other countries. An IND or foreign equivalent requires extensive preclinical studies, and there is no guarantee that the FDA or foreign regulatory authorities will allow clinical trials to proceed based on the IND or equivalent submission. For example, we have not yet completed preclinical toxicology studies for our product candidates, and the FDA in the United States, the TGA in Australia or other foreign regulatory authorities, as applicable, may not allow our clinical trials to proceed in the regulatory authority's jurisdiction if we are unable to show safety margins acceptable to the particular regulatory authority in appropriate animal species in our preclinical toxicology studies.

Even if we or our collaborators initiate and complete clinical trials for our product candidates, we will not be permitted to market our product candidates in the United States until we receive approval of a Biologics License Application, or BLA, from the FDA, and will not be permitted to market in other countries without marketing approval from foreign regulatory authorities. Obtaining approval of a BLA or other marketing approvals is often a lengthy, expensive and uncertain process over which the FDA and foreign regulatory authorities have substantial discretion. Other than preliminary comments from the FDA for a pre-IND meeting for ANB020 that focused on preclinical data necessary to initiate studies in humans and potential design for Phase 1 study in healthy volunteers, we have not yet discussed with the FDA or foreign regulatory authorities the development plans for any of our product candidates or the designs of any of our later-stage clinical studies. We thus do not have the benefit of the FDA's or foreign regulatory authorities' current thinking on trial designs or product development for our target indications. For example, although we believe a small pivotal trial, potentially with fewer than 100 patients, may be sufficient to demonstrate substantial evidence of efficacy of ANB019 in generalized pustular psoriasis, or GPP, patients who have IL-36RA genetic mutations, we have not yet discussed clinical trial design for this indication with the FDA, and the FDA may disagree with our proposed trial design, including the number of patients necessary to demonstrate efficacy and/or may require us to conduct more than one pivotal study in order to obtain approval of a BLA.

Preclinical studies and clinical trials are expensive, difficult to design and implement, can take many years to complete and are uncertain as to outcome. Products, on average, take ten to 15 years to be developed from the time they are discovered to the time they are approved and available for treating patients. The start or end of a clinical trial is often delayed or halted for many reasons, including:

- imposition of a clinical hold for safety reasons or following an inspection of our clinical trial operations or site by the FDA or other regulatory authorities;
- manufacturing challenges;
- insufficient supply or quality of product candidates or other materials necessary to conduct clinical trials;
- delays in reaching or failure to reach agreement on acceptable clinical trial contracts or clinical trial protocols with prospective trial sites and contract research organizations, or CROs, or failure by such CROs or trials sites to carry out the clinical trial in accordance with our agreed-upon terms;
- clinical sites electing to terminate their participation in one of our clinical trials;
- inability or unwillingness of patients or medical investigators to follow our clinical trial protocols;
- required clinical trial administrative actions;
- slower than anticipated patient enrollment;
- changing standards of care;
- safety concerns;
- availability or prevalence of use of a comparative drug or required prior therapy; or
- clinical outcomes or financial constraints.

Our product candidates may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval or prevent or limit commercial use. Regulatory authorities may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical or other studies or clinical trials. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Moreover, regulatory authorities may determine that the clinical and other benefits of a product candidate do not outweigh the safety or other risks. Changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may also cause delays in or prevent the approval of an application.

If we experience any of the issues described above, or other similar or related issues, we may:

- be delayed in obtaining marketing approval for our product candidates;
- not obtain marketing approval at all;
- obtain marketing approval in some countries and not in others; obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings, including boxed warnings;
- be subject to additional post-marketing testing requirements; or
- have the product removed from the market after obtaining marketing approval.

We may not be successful in our efforts to use and expand our technology platform to build a pipeline of product candidates and develop marketable products.

Because we have limited financial and managerial resources, we focus on research programs and product candidates that we identify for specific indications. Our business depends on our successful development and commercialization of the limited number of internal product candidates we have in preclinical development. Even if we are successful in continuing to build our pipeline, development of the potential product candidates that we identify will require substantial investment in additional clinical development, management of clinical, preclinical and manufacturing activities, regulatory approval in multiple jurisdictions, obtaining manufacturing supply capability, building a commercial organization, and significant marketing efforts before we generate any revenue from product sales. Furthermore, such product candidates may not be suitable for clinical development, including as a result of their harmful side effects, limited efficacy or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. If we cannot validate our technology platform by successfully developing and commercializing product candidates based upon our technological approach, we may not be able to obtain product or partnership revenue in future periods, which would adversely affect our business, prospects, financial condition and results of operations.

As a result of our current focus on our lead product candidates, we may forego or delay pursuit of opportunities with other product candidates or for other indications 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 products. Our understanding and evaluation of biological targets for the discovery and development of new product candidates may fail to identify challenges encountered in subsequent preclinical and clinical development. 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.

We have no history of conducting clinical trials or commercializing biotechnology products, which may make it difficult to evaluate the prospects for our future viability.

Our operations to date have been limited to financing and staffing our company, developing our technology and developing our two lead product candidates, ANB019 and ANB020, and other product candidates with and without our collaborators. Although we have recruited a team that has experience with clinical trials in the United States, none of our employees have experience with clinical trials in Australia and, as a company, we have no experience conducting clinical trials in any jurisdiction and have not had previous experience commercializing product candidates, including submitting an IND or a BLA to the FDA, or similar submissions to initiate clinical trials or obtain marketing authorization to foreign regulatory authorities. In part because of this lack of experience, we cannot be certain that planned clinical trials will begin or be completed on time, if at all, that our planned development programs would be acceptable to the FDA or other regulatory authorities, or that, if approval is obtained, such product candidates can be successfully commercialized. Clinical trials and commercializing our wholly-owned product candidates will require significant additional financial and management resources, and reliance on third-party clinical investigators, CROs, consultants or collaborators. Relying on third-party clinical investigators, CROs or collaborators may result in delays that are outside of our control.

Furthermore, we may not have the financial resources to continue development of, or to enter into collaborations for, a product candidate if we experience any problems or other unforeseen events 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;

- 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 foreign regulatory authorities regarding the number, 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 clinical trial materials or other supplies necessary for the conduct of our clinical trials;
- greater than anticipated clinical trial costs;
- poor effectiveness or unacceptable side effects 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;
- serious and unexpected drug-related side effects experienced by participants in our planned clinical trials or by individuals using drugs similar to our product candidates;
- 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 foreign regulatory authorities.

Consequently, any predictions you make about our future success or viability based on our short operating history may not be as accurate as they could be if we had a longer operating history or an established track record in conducting clinical trials or commercializing products.

Further, as a new business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We will need to transition from a company with a research focus to a company capable of supporting commercial activities. We may not be successful in such a transition.

We have never dosed any of our product candidates in humans. Our planned clinical trials or those of our collaborators may reveal significant adverse events, toxicities or other side effects not seen in our preclinical studies and may result in a safety profile that could inhibit regulatory approval or market acceptance of any of our product candidates.

In order to obtain marketing approval for any of our product candidates, we must demonstrate the safety and efficacy of the product candidate for the relevant clinical indication or indications through preclinical studies and clinical trials as well as additional supporting data. If our product candidates are associated with undesirable side effects in preclinical studies or clinical trials or have characteristics that are unexpected, we may need to interrupt, delay or abandon their development or limit development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective.

We have not yet initiated any clinical trials or dosed any of our product candidates, including ANB019 and ANB020, in humans. We have conducted various preclinical studies of our product candidates, but we do not know the predictive value of these studies for humans, and we cannot guarantee that any positive results in preclinical studies will successfully translate to human patients. It is not uncommon to observe results in human clinical trials that are unexpected based on preclinical testing, and many product candidates fail in clinical trials

despite promising preclinical results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval for their products. Subjects in our planned clinical trials may suffer significant adverse events or other side effects not observed in our preclinical studies, including, but not limited to, immunogenic responses, organ toxicities such as liver, heart or kidney or other tolerability issues. The observed potency and kinetics of our product candidates in preclinical studies may not be observed in human clinical trials. We have tested the dosing frequency and route of administration of our product candidates in preclinical studies, which will inform our dosing strategy for future clinical trials, however such dose and route of administration may not result in sufficient exposure or pharmacological effect in humans, and may lead to unforeseen toxicity not previously observed in preclinical testing. Further, if clinical trials of our product candidates fail to demonstrate efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.

If significant adverse events or other side effects are observed in any of our future clinical trials, we may have difficulty recruiting patients to the clinical trial, patients may drop out of our trial, or we may be required to abandon the trial or our development efforts of that product candidate altogether. We, the FDA, or other applicable regulatory authorities, or an Institutional Review Board, or IRB, may suspend clinical trials of a product candidate at any time for various reasons, including a belief that subjects in such trials are being exposed to unacceptable health risks or adverse side effects. Some potential therapeutics developed in the biotechnology industry that initially showed therapeutic promise in early-stage studies have later been found to cause side effects that prevented their further development. Even if the side effects do not preclude the drug from obtaining or maintaining marketing approval, undesirable side effects may inhibit market acceptance of the approved product due to its tolerability versus other therapies. Any of these developments could materially harm our business, financial condition and prospects.

Further, if any of our product candidates obtains marketing approval, toxicities associated with our product candidates may also develop after such approval and lead to a requirement to conduct additional clinical safety trials, additional warnings being added to the labeling, significant restrictions on the use of the product or the withdrawal of the product from the market. We cannot predict whether our product candidates will cause toxicities in humans that would preclude or lead to the revocation of regulatory approval based on preclinical studies or early stage clinical testing.

We face significant competition, and if our competitors develop and market products that are more effective, safer or less expensive than our product candidates, our commercial opportunities will be negatively impacted.

The biotechnology industry is highly competitive and subject to rapid and significant technological change. Products we may develop in the future are also likely to face competition from other drugs and therapies, some of which we may not currently be aware. We have competitors both in the United States and internationally, including major multinational pharmaceutical and biotechnology companies, established biotechnology companies, specialty biotechnology companies, emerging and start-up companies, universities and other research institutions. Many of our competitors have significantly greater financial, manufacturing, marketing, drug development, technical and human resources and commercial expertise than we do. Large pharmaceutical and biotechnology companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and manufacturing biotechnology products. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development, and collaborative arrangements in our target markets with leading companies and research institutions. Established pharmaceutical and biotechnology companies may also invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make the product candidates that we develop obsolete. As a result of all of these factors, our competitors may succeed in obtaining patent protection and/or approval from the FDA or foreign regulatory authorities or discovering, developing and commercializing products in our field before we do.

For asthma, our competitors include omalizumab (Xolair; Roche) which has received FDA approval and functions by inhibiting the binding between free IgE and FceRI; antibodies that bind IL-5 and inhibit its interaction with the IL-5 receptor such as mepolizumab (Glaxosmithkline), which a federal Advisory Committee has recently recommended that the FDA approve for the add-on maintenance treatment in patients aged 18 years or older with severe eosinophilic asthma, and reslizumab (Teva), the BLA for which has been submitted to the FDA for approval; antibodies such as benralizumab (AstraZeneca) that bind the IL-5 receptor; antibodies that bind to IL-13 such as lebrikizumab (Roche), tralokinumab (AstraZeneca) and anrukinzumab (Pfizer), which are in clinical testing; antibodies that bind the IL-4 receptor alpha chain, such as dupilumab (Regeneron) and AMG317 (Amgen) each in clinical testing and antibodies that bind the ST2 receptor including AMG282 (Amgen), which is in clinical testing. For peanut allergy, our competitors include DBV Technologies, which is developing transdermal products for tolerization of food allergies, while Aimmune Therapeutics is developing oral products for peanut allergy desensitization. For GPP and PPP, our competitors include marketed therapies such as secukinumab (Cosentyx; Novartis) which binds IL-17A; ustekinumab (Stelara; Janssen) which blocks IL-12 and 23 cytokine function; and acitretin (Soriatane; Glaxosmithkline), as well as therapies in development such as guselkumab (Janssen) which blocks IL-23 cytokine function and gevokizumab (Xoma 052) which binds IL-1 beta.

With the enactment of the Biologics Price Competition and Innovation Act of 2009, or BPCIA, an abbreviated pathway for the approval of biosimilar and interchangeable biological products was created. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as interchangeable based on its similarity to an existing reference product. Under the BPCIA, an application for a biosimilar product cannot be approved by the FDA until 12 years after the original branded product is approved under a biologics license application, or BLA. On March 6, 2015, the FDA approved the first biosimilar product under the BPCIA. However, the law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty. While it is uncertain when such processes intended to implement BPCIA may be fully adopted by the FDA, any such processes could have a material adverse effect on the future commercial prospects for our biological products.

We believe that if any of our product candidates are approved as a biological product under a BLA it should qualify for the 12-year period of exclusivity. However, there is a risk that the FDA will not consider any of our product candidates to be reference products for competing products, potentially creating the opportunity for biosimilar competition sooner than anticipated. Additionally, this period of regulatory exclusivity does not apply to companies pursuing regulatory approval via their own traditional BLA, rather than via the abbreviated pathway. Moreover, the extent to which a biosimilar, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biological products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe effects, are more convenient, are less expensive or capture significant market share prior to or during our commercialization. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. In addition, our ability to compete may be affected in many cases by insurers or other third party payors seeking to encourage the use of biosimilar products. Even if our product candidates achieve marketing approval, they may be priced at a significant premium over competitive biosimilar products if any have been approved by then.

Smaller and other early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These companies compete with us in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites and patient registration for planned clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. In addition, the biotechnology industry is characterized by rapid technological change. If we fail to stay at the forefront

of technological change, we may be unable to compete effectively. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical.

Our product candidates may not achieve adequate market acceptance among physicians, patients, healthcare payors and others in the medical community necessary for commercial success.

Even if our product candidates receive regulatory approval, they may not gain adequate market acceptance among physicians, patients, healthcare payors and others in the medical community. The degree of market acceptance of any of our approved product candidates will depend on a number of factors, including:

- the efficacy and safety profile as demonstrated in planned clinical trials;
- the timing of market introduction of the product candidate as well as competitive products;
- the clinical indications for which the product candidate is approved;
- restrictions on the use of our products, if approved, such as boxed warnings or contraindications in labeling, or a risk evaluation and mitigation strategy, or REMS, if any, which may not be required of alternative treatments and competitor products;
- acceptance of the product candidate as a safe and effective treatment by physicians, clinics and patients;
- the potential and perceived advantages of product candidates over alternative treatments, including any similar generic treatments;
- the cost of treatment in relation to alternative treatments;
- the availability of coverage and adequate reimbursement and pricing by third parties and government authorities;
- relative convenience and ease of administration;
- the frequency and severity of adverse events;
- the effectiveness of sales and marketing efforts; and
- unfavorable publicity relating to the product candidate.

If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors and patients, we may not generate or derive sufficient revenue from that product candidate and may not become or remain profitable.

If companion diagnostics for our product candidates for which such diagnostics are required, are not successfully, and in a timely manner, validated, developed or approved, we may not achieve marketing approval or realize the full commercial potential of our product candidates.

If companion diagnostics are developed in conjunction with clinical programs, the FDA may require regulatory approval of a companion diagnostic as a condition to approval of the product candidate. For example, if, as is currently planned, we use a genetic test to determine which patients are most likely to benefit from ANB019 for the treatment of GPP by designing our pivotal trial or trials of ANB019 in that indication to require that subjects test positive for specific genetic mutations as a criterion for enrollment, then we will likely be required to obtain FDA approval or clearance of a companion diagnostic, concurrent with approval of ANB019, to test for those genetic mutations; we may also be required to demonstrate to the FDA the predictive utility of the companion diagnostic—namely, that the diagnostic selects for patients in whom the biologic therapy will be effective or more effective compared to patients not selected for by the diagnostic. We do not have experience or capabilities in developing or commercializing diagnostics and plan to rely in large part on third parties to perform these functions. We do not currently have any agreement in place with any third party to develop or commercialize companion diagnostics for any of our product candidates. Companion diagnostics are subject to regulation by the FDA and foreign regulatory authorities as medical devices and require separate regulatory approval prior to commercialization.

If we or our partners, or any third party, are unable to successfully develop companion diagnostics for our product candidates, or experience delays in doing so:

- the development of our product candidates may be adversely affected if we are unable to appropriately select patients for enrollment in our planned clinical trials;
- our product candidates may not receive marketing approval if their safe and effective use depends on a companion diagnostic; and
- we may not realize the full commercial potential of any product candidates that receive marketing approval if, among other reasons, we are unable to appropriately identify patients with the specific genetic alterations targeted by our product candidates.

In addition, although we believe genetic testing is becoming more prevalent in the diagnosis and treatment of various diseases and conditions, our product candidates may be perceived negatively compared to alternative treatments that do not require the use of companion diagnostics, either due to the additional cost of the companion diagnostic or the need to complete additional procedures to identify genetic markers prior to administering our product candidates.

If any of these events were to occur, our business would be harmed, possibly materially.

The manufacture of biologics is complex and our third-party manufacturers may encounter difficulties in production. If any of our third-party manufacturers encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped.

The process of manufacturing biologics is complex, highly-regulated and subject to multiple risks. Manufacturing biologics is highly susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error, inconsistency in yields, variability in product characteristics and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered at the facilities of our manufacturer, such facilities may need to be closed for an extended period of time to investigate and remedy the contamination, which could delay clinical trials and adversely harm our business.

In addition, there are risks associated with large scale manufacturing for clinical trials or commercial scale including, among others, cost overruns, potential problems with process scale-up, process reproducibility, stability issues, compliance with good manufacturing practices, lot consistency and timely availability of raw materials. Even if we or our collaborators obtain regulatory approval for any of our product candidates, there is no assurance that manufacturers will be able to manufacture the approved product to specifications acceptable to the FDA or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product or to meet potential future demand. If our manufacturers are unable to produce sufficient quantities for clinical trials or for commercialization, commercialization efforts would be impaired, which would have an adverse effect on our business, financial condition, results of operations and growth prospects.

Scaling up a biologic manufacturing process is a difficult and uncertain task, and we may not be successful in transferring our production system or the manufacturer may not have the necessary capabilities to complete the implementation and development process. If we are unable to adequately validate or scale-up the manufacturing process with our current manufacturer, we will need to transfer to another manufacturer and complete the manufacturing validation process, which can be lengthy. If we are able to adequately validate and scale-up the manufacturing process for our product candidates with a contract manufacturer, we will still need to negotiate with such contract manufacturer an agreement for commercial supply and it is not certain we will be able to come to agreement on terms acceptable to us.

Risks Related to Our Financial Position and Capital Needs

We have limited operating revenue and a history of operational losses and may not achieve or sustain profitability. We have no products approved for commercial sale, and to date we have not generated any revenue or profit from product sales.

We are an early-stage biotechnology company with a limited operating history. We have no approved products and none of our product candidates have progressed to clinical development. To date, our revenue has been primarily derived from our research collaboration and license agreements with third parties, including TESARO, Inc. and TESARO Development, Ltd., or collectively, TESARO, and Celgene Corporation, or Celgene, and we are significantly dependent on such collaborators for the successful development of product candidates in these collaborations. Our ability to generate revenue and become profitable depends upon our ability, alone or with our collaborators, to successfully complete the development of our product candidates for our target indications and to obtain necessary regulatory approvals.

Since our inception, we have incurred significant operating losses in every year except fiscal year 2014 and we do not expect to be profitable in 2015. Our collaboration revenue was $9.0 million and net loss was $0.4 million for the six months ended June 30, 2015 and our collaboration revenue was $15.8 million and our net income was $3.5 million for the year ended December 31, 2014. As of June 30, 2015, we had an accumulated deficit of $45.7 million.

We have financed our operations primarily through private placements of our preferred stock and the issuance of debt. We have devoted substantially all of our efforts to research and development. We have not initiated clinical development of any product candidates and expect that it will be many years, if ever, before we have a product candidate ready for commercialization. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future, and the net losses we incur may fluctuate significantly from quarter to quarter. Our revenue has been historically derived from amortization of upfront payments, research and development funding and milestone payments under collaboration and license agreements with our collaborators. Our ability to generate future product revenue from our current or future product candidates depends on a number of additional factors, including our or our collaborators' ability to:

- continue our research and preclinical development of our product candidates;
- identify additional product candidates;
- maintain existing and enter into new collaboration agreements;
- conduct additional preclinical studies and initiate clinical trials for our product candidates;
- obtain approvals for the product candidates we develop or developed under our collaboration arrangements;
- establish a sales, marketing and distribution infrastructure to commercialize any product candidates for which we may obtain marketing approval;
- maintain, expand and protect our intellectual property portfolio;
- hire additional executive, clinical, quality control and scientific personnel;
- add operational, financial and management information systems and personnel, including personnel to support our product development;
- establish and maintain supply and manufacturing relationships with third parties, and ensure adequate and legally compliant manufacturing of our products;
- obtain coverage and adequate product reimbursement from third-party payors, including government payors;

- acquire or in-license other product candidates and technologies; and
- achieve market acceptance for our or our collaborators' products, if any.

We are unable to predict the timing or amount of increased expenses, or when, or if, we will be able to achieve or maintain profitability because of the numerous risks and uncertainties associated with product development. In addition, our expenses could increase significantly beyond expectations if we are required by the FDA or other regulatory authorities to perform studies or trials in addition to those that we currently anticipate. Even if ANB019 and ANB020, or any of our other product candidates, are approved for commercial sale, we anticipate incurring significant costs associated with the commercial launch of any product candidate.

We are currently only in the preclinical development stages for our most advanced product candidates. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain or expand our research and development efforts, expand our business or continue our operations. A decline in the value of our company would also cause you to lose part or even all of your investment.

We will require additional capital to finance our operations, which may not be available to us on acceptable terms, or at all. As a result, we may not complete the development and commercialization of our product candidates or develop new product candidates.

As a research and development company, our operations have consumed substantial amounts of cash since our inception. We expect our research and development expenses to increase substantially in connection with our ongoing activities, particularly as we continue our discovery and preclinical development to identify new clinical candidates, and we and our collaborators initiate clinical trials of, and seek marketing approval for, our product candidates. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Furthermore, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company. We believe that the net proceeds from this offering, together with our existing cash and cash equivalents and funding we expect to receive under existing collaboration agreements, will fund our projected operating requirements through at least the next 24 months. However, circumstances may cause us to consume capital more rapidly than we currently anticipate. For example, as we move our lead product candidates through preclinical studies and submit INDs or foreign equivalents, which may occur as early as at the end of 2015, we may have adverse results requiring us to find new product candidates, or our collaborators may not elect to pursue the development and commercialization of any of our product candidates that are subject to their respective agreements with us. Any of these events may increase our development costs more than we expect. We may need to raise additional funds or otherwise obtain funding through product collaborations to continue development of our product candidates.

If we need to secure additional financing, such additional fundraising efforts may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize future product candidates. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. If we do not raise additional capital when required or on acceptable terms, we may need to:

- significantly delay, scale back or discontinue the development or commercialization of any product candidates or cease operations altogether;
- seek strategic alliances for research and development programs at an earlier stage than we would otherwise desire or on terms less favorable than might otherwise be available;
- relinquish, or license on unfavorable terms, our rights to technologies or any future product candidates that we otherwise would seek to develop or commercialize ourselves; or
- eliminate staff to conserve resources.

If we need to conduct additional fundraising activities and we do not raise additional capital in sufficient amounts or on terms acceptable to us, we may be prevented from pursuing development and commercialization efforts, which will have a material adverse effect on our business, operating results and prospects.

Our forecast of the period of time through which our financial resources will adequately support our operations is a forward-looking statement and involves risks and uncertainties, and actual results could vary as a result of a number of factors, including the factors discussed elsewhere in this "Risk Factors" section. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. Our future funding requirements, both short and long-term, will depend on many factors, including:

- the initiation, progress, timing, costs and results of preclinical studies and clinical trials for our product candidates and future product candidates we may develop;
- the number and size of clinical trials needed to show safety, efficacy and an acceptable risk/benefit profile for any of our product candidates;
- the outcome, timing and cost of seeking and obtaining regulatory approvals from the FDA and foreign regulatory authorities, including the potential for such authorities to require that we perform more studies or trials than those that we currently expect;
- our ability to maintain existing and enter into new collaboration agreements;
- the cost to establish, maintain, expand and defend the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make, or that we may receive, in connection with licensing, preparing, filing, prosecution, defense and enforcement of any patents or other intellectual property rights;
- the effect of competing technological and market developments;
- market acceptance of any approved product candidates;
- the costs of acquiring, licensing or investing in additional businesses, products, product candidates and technologies;
- the cost of recruiting and retaining key employees;
- the cost and timing of selecting, auditing and potentially validating a manufacturing site for commercial-scale manufacturing; and
- the cost of establishing sales, marketing and distribution capabilities for our product candidates for which we may receive regulatory approval and that we determine to commercialize ourselves or in collaboration with our collaborators.

If a lack of available capital means that we cannot expand our operations or otherwise capitalize on our business opportunities, our business, financial condition and results of operations could be adversely affected.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our product candidates on unfavorable terms to us.

We may seek additional capital through a variety of means, including through public or private equity, debt financings or other sources, including up-front payments and milestone payments from strategic collaborations. To the extent that we raise additional capital through the sale of equity or convertible debt or equity securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. Such financing may result in dilution to stockholders, imposition of debt covenants, increased fixed payment obligations, or other restrictions that may affect our business. If we raise additional funds through up-front payments or milestone payments pursuant to strategic collaborations with third

parties, we may have to relinquish valuable rights to our product candidates, or grant licenses on terms that are not favorable to us. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

Risks Related to Managing Growth, Operations and Macroeconomic Conditions

We must attract and retain highly skilled employees in order to succeed.

To succeed, we must recruit, retain, manage and motivate qualified clinical, scientific, technical and management personnel, and we face significant competition for experienced personnel. If we do not succeed in attracting and retaining qualified personnel, particularly at the management level, it could adversely affect our ability to execute our business plan, harm our operating results and increase our capabilities to successfully commercialize our product candidates. In particular, the loss of one or more of our executive officers could be detrimental to us if we cannot recruit suitable replacements in a timely manner. The competition for qualified personnel in the biotechnology field is intense and as a result, we may be unable to continue to attract and retain qualified personnel necessary for the development of our business or to recruit suitable replacement personnel.

Many of the other biotechnology companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what we have to offer. If we are unable to continue to attract and retain high-quality personnel, the rate and success at which we can discover and develop product candidates and our business will be limited.

We currently have no marketing and sales force. If we are unable to establish effective sales or marketing capabilities or enter into agreements with third parties to sell or market our product candidates, we may not be able to effectively sell or market our product candidates, if approved, or generate product revenue.

We currently do not have a marketing or sales team for the marketing, sales and distribution of any of our product candidates that are able to obtain regulatory approval. In order to commercialize any product candidates, we must build on a territory-by-territory basis marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. If our product candidates receive regulatory approval, we may decide to establish an internal sales or marketing team with technical expertise and supporting distribution capabilities to commercialize our product candidates, which will be expensive and time-consuming and will require significant attention of our executive officers to manage. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely impact the commercialization of any of our product candidates that we obtain approval to market. With respect to the commercialization of all or certain of our product candidates, we may choose to collaborate, either globally or on a territory-by-territory basis, with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements when needed on acceptable terms, or at all, we may not be able to successfully commercialize any of our product candidates that receive regulatory approval or any such commercialization may experience delays or limitations. If we are not successful in commercializing our product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

We expect to expand our development and regulatory capabilities, and as a result, we may encounter difficulties in managing our growth, which could disrupt our operations.

We expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of product candidate development and growing our capability to conduct clinical trials. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified

personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

We conduct significant operations through our Australian wholly-owned subsidiary. If we lose our ability to operate in Australia, or if our subsidiary is unable to receive the research and development tax credit allowed by Australian regulations, our business and results of operations will suffer.

In March 2015, we formed a wholly-owned Australian subsidiary, AnaptysBio Pty Ltd, or AnaptysBio Pty, to develop and commercialize our ANB019 and ANB020 antibody program in Australia. Due to the geographical distance and lack of employees currently in Australia, as well as our lack of experience operating in Australia, we may not be able to efficiently or successfully monitor, develop and commercialize our lead products or antibody program in Australia, including conducting clinical trials. Furthermore, we have no assurance that the results of any clinical trials that we conduct for our product candidates in Australia will be accepted by the FDA or foreign regulatory authorities for development and commercialization approvals.

In addition, current Australian tax regulations provide for a refundable research and development tax credit equal to 43.5% of qualified expenditures. If we lose our ability to operate AnaptysBio Pty in Australia, or if we are ineligible or unable to receive the research and development tax credit, or the Australian government significantly reduces or eliminates the tax credit, our business and results of operation would be adversely affected.

The manufacture of biotechnology products is complex and manufacturers often encounter difficulties in production. If we or any of our third-party manufacturers encounter any loss of our master cell banks or if any of our third-party manufacturers encounter other difficulties, or otherwise fail to comply with their contractual obligations, our ability to provide product candidates for clinical trials or our products to patients, once approved, the development or commercialization of our product candidates could be delayed or stopped.

The manufacture of biotechnology products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. We and our contract manufacturers must comply with current good manufacturing practices, or cGMP, regulations and guidelines for the manufacturing of biologics used in clinical trials and, if approved, marketed products. To date, neither we nor our contract manufacturers has manufactured or attempted to manufacture cGMP batches of our products. Manufacturers of biotechnology products often encounter difficulties in production, particularly in scaling up and validating initial production. Furthermore, if microbial, viral or other contaminations are discovered in our products or in the manufacturing facilities in which our products are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. Delays in raw materials availability and supply may also extend the period of time required to develop our products.

All of our therapeutic antibodies are manufactured by starting with cells which are stored in a cell bank. We have one master cell bank for each antibody manufactured in accordance with cGMP and multiple working cell banks and believe we would have adequate backup should any cell bank be lost in a catastrophic event. However, it is possible that we could lose multiple cell banks and have our manufacturing severely impacted by the need to replace the cell banks.

We cannot assure you that any stability or other issues relating to the manufacture of any of our product candidates or products will not occur in the future. Additionally, our manufacturers may experience manufacturing difficulties due to resource constraints or as a result of labor disputes or unstable political environments. If our manufacturers were to encounter any of these difficulties, or otherwise fail to comply with

their contractual obligations, our ability to provide any product candidates to patients in planned clinical trials and products to patients, once approved, would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of planned clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to commence new clinical trials at additional expense or terminate clinical trials completely. Any adverse developments affecting clinical or commercial manufacturing of our product candidates or products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our product candidates or products. We may also have to take inventory write-offs and incur other charges and expenses for product candidates or products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Accordingly, failures or difficulties faced at any level of our supply chain could adversely affect our business and delay or impede the development and commercialization of any of our product candidates or products and could have an adverse effect on our business, prospects, financial condition and results of operations.

We may be vulnerable to disruption, damage and financial obligation as a result of system failures.

Despite the implementation of security measures, any of the internal computer systems belonging to us, our collaborators or our third-party service providers are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failure. Any system failure, accident or security breach that causes interruptions in our own, in collaborators' or in third-party service vendors' operations could result in a material disruption of our drug discovery and development programs. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our or our collaborators' regulatory approval efforts and significantly increase our costs in order to recover or reproduce the lost data. To the extent that any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur liability as a result, our drug discovery programs and competitive position may be adversely affected and the further development of our product candidates may be delayed. Furthermore, we may incur additional costs to remedy the damages caused by these disruptions or security breaches.

Our operations are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure, terrorist activity and other events beyond our control, which could harm our business.

Our facility is located in a seismically active region, which has also historically been subject to electrical blackouts as a result of a shortage of available electrical power. We have not undertaken a systematic analysis of the potential consequences to our business and financial results from a major earthquake, fire, power loss, terrorist activity or other disasters and do not have a recovery plan for such disasters. In addition, we do not carry sufficient insurance to compensate us for actual losses from interruption of our business that may occur, and any losses or damages incurred by us could harm our business. We maintain multiple copies of each of our antibody sequences and electronic data records, most of which we maintain at our headquarters. If our facility was impacted by a seismic event, we could lose all our antibody sequences, which would have an adverse effect on our ability to perform our obligations under our collaborations and discover new targets.

Risks Related to Our Dependence on Third Parties

Our existing collaborations, including those with TESARO and Celgene, are important to our business, and future collaborations may also be important to us. If we are unable to maintain any of these collaborations, or if these collaborations are not successful, our business could be adversely affected.

We have entered into collaborations with other biotechnology companies to develop several of our product candidates, and such collaborations currently represent a significant portion of our product pipeline. In addition, we have entered into other collaborations pursuant to which we have provided access to our technology platform to our collaborators to enable the optimization of their own product candidates. We have entered into antibody

generation and/or development collaborations with various collaborators, including TESARO and Celgene, under which we have generated therapeutic quality antibodies using our technology platform and conducted certain preclinical studies in collaboration. These collaborations have provided us with $48.7 million in non-dilutive funding through August 31, 2015. We are currently aware that TESARO and Celgene are advancing multiple antibodies generated through our collaboration to clinical trials. If our collaborators terminate any of our collaborations, we may not receive all or any of this funding, which would adversely affect our business or financial condition. Other than TESARO, our operational obligations under each of our collaborations has ended.

We are unable to predict the success of our collaborations. Our collaborators have discretion in determining and directing the efforts and resources, including the ability to discontinue all efforts and resources, they apply to the development and, if approval is obtained, commercialization and marketing of the product candidates covered by such collaborations. As a result, our collaborators may elect to de-prioritize our programs, change their strategic focus or pursue alternative technologies in a manner that results in reduced, delayed or no revenue to us. Our collaborators may have other marketed products and product candidates under collaboration with other companies, including some of our competitors, and their corporate objectives may not be consistent with our best interests. Our collaborators may also be unsuccessful in developing or commercializing our products. If our collaborations are unsuccessful, our business, financial condition, results of operations and prospects could be adversely affected. In addition, any dispute or litigation proceedings we may have with our collaborators in the future could delay development programs, create uncertainty as to ownership of intellectual property rights, distract management from other business activities and generate substantial expense.

We may not succeed in establishing and maintaining additional development collaborations, which could adversely affect our ability to develop and commercialize product candidates.

In addition to our current licensing arrangements with TESARO and Celgene, a part of our strategy is to enter into additional strategic product development collaborations in the future, including collaborations to broaden and accelerate clinical development and potential commercialization of our product candidates. We may face significant competition in seeking appropriate development partners and the negotiation process is time-consuming and complex. Moreover, we may not succeed in our efforts to establish a development collaboration or other alternative arrangements for any of our other existing or future product candidates and programs because our research and development pipeline may be insufficient, our product candidates and programs may be deemed to be at too early a stage of development for collaborative effort and/or third parties may not view our product candidates and programs as having the requisite potential to demonstrate safety and efficacy. Even if we are successful in our efforts to establish new development collaborations, the terms that we agree upon may not be favorable to us and we may not be able to maintain such development collaborations if, for example, development or approval of a product candidate is delayed or sales of an approved product candidate are disappointing. Any delay in entering into new development collaboration agreements related to our product candidates could delay the development and commercialization of our product candidates and reduce their competitiveness if they reach the market.

Moreover, if we fail to establish and maintain additional development collaborations related to our product candidates:

- the development of certain of our current or future product candidates may be terminated or delayed;
- our cash expenditures related to development of certain of our current or future product candidates would increase significantly and we may need to seek additional financing;
- we may be required to hire additional employees or otherwise develop expertise, such as sales and marketing expertise, for which we have not budgeted; and
- we will bear all of the risk related to the development of any such product candidates.

If third parties on which we depend to conduct our planned preclinical studies, or any future 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 adverse effects on our business, financial condition, results of operations and prospects.

We rely on third party clinical investigators, contract research organizations, or CROs, clinical data management organizations, or CMOs, and consultants to design, conduct, supervise and monitor preclinical studies of our product candidates and will do the same for any clinical trials. Because we rely on third parties and do not have the ability to conduct preclinical studies or clinical trials independently, we have less control over the timing, quality and other aspects of preclinical studies and clinical trials than we would if we conducted them on our own. These investigators, CROs, CMOs and consultants are not our employees and we have limited control over the amount of time and resources that they dedicate to our programs. These third parties may have contractual relationships with other entities, some of which may be our competitors, which may draw time and resources from our programs. The third parties we contract with 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 are responsible for ensuring that each of our preclinical studies and clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Our reliance on third parties that we do not control does not relieve us of these responsibilities and requirements. Any such event could have an adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Regulatory Approval of Our Product Candidates and Other Legal Compliance Matters

Even if our product candidates receive regulatory approval, they will be subject to significant post-marketing regulatory requirements.

Any regulatory approvals that we may receive for our product candidates will require surveillance to monitor the safety and efficacy of the product candidate, may contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, and may include burdensome post-approval study or risk management requirements. For example, the FDA may require a risk evaluation and mitigation strategy in order to approve our product candidates, which could entail requirements for a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA or foreign regulatory authorities approve our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for our product candidates 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, or GCPs, for any clinical trials that we conduct post-approval. In addition, manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with cGMP regulations and standards. If we or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facilities where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or us, including requiring recall or withdrawal of the product from the market or suspension of manufacturing. In addition, failure to comply with FDA and foreign regulatory requirements may, either before or after product approval, if any, subject our company to administrative or judicially imposed sanctions, including:

- restrictions on our ability to conduct clinical trials, including full or partial clinical holds on ongoing or planned trials;

- restrictions on the products, manufacturers or manufacturing process;
- warning or untitled letters;
- civil and criminal penalties;
- injunctions;
- suspension or withdrawal of regulatory approvals;
- product seizures, detentions or import bans;
- voluntary or mandatory product recalls and publicity requirements;
- total or partial suspension of production;
- imposition of restrictions on operations, including costly new manufacturing requirements; and
- refusal to approve pending BLAs or supplements to approved BLAs.

The occurrence of any event or penalty described above may inhibit our ability to commercialize our product candidates and generate revenue.

Advertising and promotion of any product candidate that obtains approval in the United States will be heavily scrutinized by the FDA, the Department of Justice, the Department of Health and Human Services' Office of Inspector General, state attorneys general, members of Congress and the public. Violations, including promotion of our products for unapproved (or off-label) uses, are subject to enforcement letters, inquiries and investigations, and civil and criminal sanctions by the government. Additionally, comparable foreign regulatory authorities will heavily scrutinize advertising and promotion of any product candidate that obtains approval outside of the United States.

In the United States, engaging in the impermissible promotion of our products for off-label uses can also subject us to false claims litigation under federal and state statutes, which can lead to civil and criminal penalties and fines and agreements that materially restrict the manner in which a company promotes or distributes drug products. These false claims statutes include the federal False Claims Act, which allows any individual to bring a lawsuit against a biotechnology company on behalf of the federal government alleging submission of false or fraudulent claims, or causing to present such false or fraudulent claims, for payment by a federal program such as Medicare or Medicaid. If the government prevails in the lawsuit, the individual will share in any fines or settlement funds. Since 2004, these False Claims Act lawsuits against biotechnology companies have increased significantly in volume and breadth, leading to several substantial civil and criminal settlements regarding certain sales practices promoting off-label drug uses involving fines in excess of $1.0 billion. This growth in litigation has increased the risk that a biotechnology company will have to defend a false claim action, pay settlement fines or restitution, agree to comply with burdensome reporting and compliance obligations, and be excluded from Medicare, Medicaid and other federal and state healthcare programs. If we do not lawfully promote our approved products, we may become subject to such litigation and, if we do not successfully defend against such actions, those actions may have an adverse effect on our business, financial condition and results of operations.

Our failure to obtain regulatory approval in international jurisdictions would prevent us from marketing our product candidates outside the United States.

In order to market and sell our products in other jurisdictions, we must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain FDA approval. The regulatory approval process outside the United States generally includes all of the risks associated with obtaining FDA approval. In addition, in many countries outside the United States, we must secure product reimbursement approvals before regulatory authorities will approve the product for sale

in that country. Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries.

If we fail to comply with the regulatory requirements in international markets and receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed and our business will be adversely affected. We may not obtain foreign regulatory approvals on a timely basis, if at all. Our failure to obtain approval of any of our product candidates by regulatory authorities in another country may significantly diminish the commercial prospects of that product candidate and our business prospects could decline.

We plan to conduct our initial clinical trials for ANB020 and ANB019 outside of the United States. However, the FDA and other foreign equivalents may not accept data from such trials, in which case our development plans will be delayed, which could materially harm our business.

We plan to conduct our initial clinical trials for ANB020 and ANB019 in Australia. We believe that clinical data generated in Australia will subsequently be accepted by the FDA and its foreign equivalents outside of Australia, and therefore may enable us to commence Phase 2 and possibly registration clinical trials in the United States following submission of an IND, without the need for us to repeat our Phase 1 trials in the United States. However, there can be no assurance the FDA or other foreign equivalents will accept data from the clinical trials we plan to conduct in Australia. If the FDA or other foreign equivalents do not accept any such data, we would likely be required to conduct additional Phase 1 clinical trials, which would be costly and time consuming, and delay aspects of our development plan, which could harm our business.

Although the FDA and other foreign equivalents may accept data from clinical trials conducted outside the United States, acceptance of such study data is generally subject to certain conditions. For example, the FDA requires the clinical trial to have been conducted in accordance with GCPs and the FDA must be able to validate the data from the clinical trial through an onsite inspection if it deems such inspection necessary. In addition, when studies are conducted outside of the United States, the FDA generally does not provide advance comment on the clinical protocols for the studies, and therefore there is an additional potential risk that the FDA could determine that the study design or protocol for a non-U.S. clinical trial was inadequate, which would likely require us to conduct additional clinical trials.

Conducting clinical trials outside the United States also exposes us to additional risks, including risks associated with the following:

- additional foreign regulatory requirements;
- foreign exchange fluctuations;
- compliance with foreign manufacturing, customs, shipment and storage requirements;
- cultural differences in medical practice and clinical research; and
- diminished protection of intellectual property in some countries.

We plan to seek Orphan Drug Designation for ANB019 or certain of our other product candidates and we may not be able to obtain or maintain orphan designation or obtain the benefits associated with Orphan Drug status, including market exclusivity.

We plan to seek Orphan Drug Designation for ANB019 or certain of our other product candidates. Regulatory authorities in some jurisdictions, including the United States and the European Union, or EU, may designate biologics for relatively small patient populations as Orphan Drugs. Under the Orphan Drug Act, the FDA may designate a biologic as an Orphan Drug if it is intended to treat a rare disease or condition, which is

generally defined as a patient population of fewer than 200,000 individuals in the United States. Generally, if a biologic with an Orphan Drug Designation subsequently receives the first marketing approval for the indication for which it has such designation, the biologic is entitled to a period of marketing exclusivity, which precludes the FDA, in the United States, or the European Medicines Agency, or EMA, in the EU, from approving another marketing application for a drug containing the same active moiety for the same indication for that time period. The applicable period is seven years in the United States and ten years in the European Union. The EU exclusivity period can be reduced to six years if a biologic no longer meets the criteria for Orphan Drug Designation or if the biologic is sufficiently profitable so that market exclusivity is no longer justified. Orphan Drug exclusivity may be lost if the FDA or EMA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the drug to meet the needs of patients with the rare disease or condition. In addition, the Orphan Drug Designation does not convey any advantage in, or shorten the duration of, the regulatory review or approval process. Also, regulatory approval for any product candidate may be withdrawn and other candidates may obtain approval before us.

We have not applied for Orphan Drug Designation for ANB019 for any indication, and may not be able to obtain designation or any of the potential benefits associated with it. For example, we plan to seek FDA Orphan Drug Designation for ANB019 for the treatment of GPP and PPP, which will likely require that we demonstrate to FDA that GPP and PPP are distinct diseases from psoriasis generally (a non-rare disease) or that use of ANB019 may be appropriate for the treatment of GPP and PPP but not appropriate for use in the general psoriasis population.

Even if we obtain Orphan Drug Designation, we may not receive Orphan Drug exclusivity, and such exclusivity, if obtained, may not effectively protect the candidate from competition because different drugs or biologics can be approved for the same condition and only the first biologic with an Orphan Drug Designation to receive regulatory approval for a particular indication will receive marketing exclusivity. Even after a drug or biological with Orphan Drug Designation is approved, the FDA can subsequently approve another biologic containing the same active moiety (which in the case of an antibody is the principal molecular structure) for the same condition if the FDA concludes that the later biologic is clinically superior in that it is shown to be safer, more effective or makes a major contribution to patient care.

Any drugs we develop may become subject to unfavorable third-party reimbursement practices and pricing regulations.

The availability and extent of coverage and adequate reimbursement by governmental and private payors is essential for most patients to be able to afford expensive treatments. Sales of any of our product candidates that receive marketing approval will depend substantially, both in the United States and internationally, on the extent to which the costs of our product candidates will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by government health administration authorities, private health coverage insurers and other third-party payors. If reimbursement is not available, or is available only to limited levels, we may not be able to successfully commercialize our product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us to establish or maintain pricing sufficient to realize a sufficient return on our investment. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. If coverage and reimbursement are not available or reimbursement is available only to limited levels, we may not successfully commercialize any product candidate for which we obtain marketing approval.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, the principal decisions about reimbursement for new products are typically made by the Centers for Medicare & Medicaid Services, or CMS, an agency within the U.S. Department of Health and Human Services because CMS decides whether and to what extent a new product will be covered and reimbursed under Medicare. Private payors often follow CMS’s decisions regarding coverage and reimbursement to a substantial degree. However, one payor’s determination to provide coverage for a drug product does not assure

that other payors will also provide coverage for the drug product. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Further, such payors are increasingly challenging the price, examining the medical necessity, and reviewing the cost effectiveness of medical drug products. There may be especially significant delays in obtaining coverage and reimbursement for newly approved drugs. Third-party payors may limit coverage to specific drug products on an approved list, known as a formulary, which might not include all FDA approved drugs for a particular indication. We or our collaborators may need to conduct expensive pharmaco-economic studies to demonstrate the medical necessity and cost effectiveness of our products. Nonetheless, our product candidates may not be considered medically necessary or cost effective. We cannot be sure that coverage and reimbursement will be available for any product that we commercialize and, if reimbursement is available, what the level of reimbursement will be.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost containment initiatives in Europe, Canada and other countries has and will continue to put pressure on the pricing and usage of therapeutics such as our product candidates. In many countries, particularly the countries of the European Union, the prices of medical products are subject to varying price control mechanisms as part of national health systems. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. In general, the prices of products under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for products, but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

Moreover, increasing efforts by governmental and third-party payors, in the United States and internationally, to cap or reduce healthcare costs may cause such organizations to limit both coverage and level of reimbursement for new products approved and, as a result, they may not cover or provide adequate payment for our product candidates. We expect to experience pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products into the healthcare market.

In addition to CMS and private payors, professional organizations such as the American Medical Association, or AMA, can influence decisions about reimbursement for new products by determining standards for care. In addition, many private payors contract with commercial vendors who sell software that provide guidelines that attempt to limit utilization of, and therefore reimbursement for, certain products deemed to provide limited benefit to existing alternatives. Such organizations may set guidelines that limit reimbursement or utilization of our product candidates.

Furthermore, some of our target indications, including for GPP, are rare diseases with small patient populations. In order for therapeutics that are designed to treat smaller patient populations to be commercially viable, the reimbursement for such therapeutics must be higher, on a relative basis to account for the low volume of sales. Accordingly, we will need to implement a coverage and reimbursement strategy for any approved product candidate that accounts for the smaller potential market size.

If we are unable to establish or sustain coverage and adequate reimbursement for any future product candidates from third-party payors, the adoption of those products and sales revenue will be adversely affected, which, in turn, could adversely affect the ability to market or sell those product candidates, if approved. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we or our collaborators receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Recently enacted legislation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates and affect the prices we may obtain.

In the United States and some foreign jurisdictions, there have been a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and/or affect our ability to profitably sell any product candidates for which we obtain marketing approval.

For example, in March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively the ACA, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add transparency requirements for the healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms.

Among the provisions of the ACA of importance to our potential product candidates are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program;
- expansion of healthcare fraud and abuse laws, including the False Claims Act and the Anti-Kickback Statute, new government investigative powers, and enhanced penalties for noncompliance;
- 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 to eligible beneficiaries during their coverage gap period, as a condition for a manufacturer's outpatient drugs to be covered under Medicare Part D;
- extension of manufacturers' Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;
- a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted, or injected;
- expansion of eligibility criteria for Medicaid programs;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program;
- requirements to report certain financial arrangements with physicians and teaching hospitals;
- a requirement to annually report certain information regarding drug samples that manufacturers and distributors provide to physicians; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

We may face difficulties from changes to current regulations and future legislation.

Existing regulatory 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.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, effective April 1 2013, which, due to subsequent legislative amendments, will stay in effect through 2024 unless additional Congressional action is taken. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for our drugs, if approved, and accordingly, our financial operations.

Likewise, the annual Medicare Physician Fee Schedule update, which, until recently, was based on a target-setting formula system called the Sustainable Growth Rate (“SGR”), was adjusted to reflect the comparison of actual expenditures to target expenditures. Because one of the factors for calculating the SGR was linked to the growth in the U.S. gross domestic product (“GDP”), the SGR formula often resulted in a negative payment update when growth in Medicare beneficiaries’ use of services exceeded GDP growth. Congress repeatedly intervened to delay the implementation of negative SGR payment updates. For example, on April 1, 2014, with the enactment of the Protecting Access to Medicare Act of 2014, Congress prevented the 24 percent cut that was to occur by continuing the previously implemented 0.5 percent payment increase through December 31, 2014 and maintaining a zero percent payment update from January 1, 2015 through March 31, 2015. However, on April 14, 2015, Congress passed the Medicare Access and CHIP Reauthorization Act of 2015, which was signed into law by President Obama on April 16, 2015. This law repeals the SGR methodology from the physician payment formula, institutes a 0% update to the Medicare Physician Fee Schedule for the January 1 to July 1, 2015 period, a 0.5% payment update for July 2015 through the end of 2019, and a 0% payment update for 2020 through 2025, along with a merit-based incentive payment system beginning January 1, 2019, that will replace current incentive programs. For 2026 and subsequent years, the payment update will be either 0.75% or 0.25%, depending on which Alternate Payment Model the physician participates.

We expect that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our product candidates.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for biotechnology products. We cannot be sure whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA’s approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

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

Our business exposes us 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 product liability insurance that we believe is appropriate for our stage of development and may need to obtain higher levels 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 an adverse effect on our business.

Our relationships with customers and third-party payors will be subject to applicable anti-kickback, fraud and abuse, transparency and other healthcare laws and regulations, which could expose us to, among other things, criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

Healthcare providers 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 products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations, include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid;
- the federal false claims and civil monetary penalties laws, including the civil False Claims Act, impose criminal and civil penalties, including civil whistleblower or qui tam actions, against individuals or entities for, among other things, 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;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;
- the federal Physician Payments Sunshine Act requires applicable manufacturers of covered drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, with specific exceptions, to report to CMS annually

information regarding payments and other transfers of value to physicians and teaching hospitals as well as information regarding ownership and investment interests help by physicians and their immediate family members. The information was made publicly available on a searchable website in September 2014 and will be disclosed on an annual basis; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers.

Some state laws require biotechnology companies to comply with the biotechnology industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures. State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our current and future business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, contractual damages, reputational harm, diminished profits and future earnings, and the curtailment or restructuring of our operations. Defending against any such actions can be costly, time-consuming and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired. Further, if any of the physicians or other healthcare providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

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

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include failures to comply with FDA regulations, to provide accurate information to the FDA, to comply with federal and state health care fraud and abuse laws and regulations, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the health care industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, 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. We intend to adopt a code of conduct prior to the closing of this offering, but 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 comply with these 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 significant impact on our business, including the imposition of significant fines or other sanctions.

Risks Related to Intellectual Property

If we are unable to obtain or protect intellectual property rights, we may not be able to compete effectively in our market.

Our success depends in significant part on our and our licensors', licensees' or collaborators' ability to establish, maintain and protect patents and other intellectual property rights and operate without infringing the intellectual property rights of others. We have filed numerous patent applications both in the United States and in foreign jurisdictions to obtain patent rights to inventions we have discovered. We have also licensed from third parties rights to patent portfolios. Some of these licenses give us the right to prepare, file and prosecute patent applications and maintain and enforce patents we have licensed, and other licenses may not give us such rights.

The patent prosecution process is expensive and time-consuming, and we and our current or future licensors, licensees or collaborators may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our licensors, licensees or collaborators will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Moreover, in some circumstances, we may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that we license from or license to third parties and are reliant on our licensors, licensees or collaborators. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. If our current or future licensors, licensees or collaborators fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our licensors, licensees or collaborators are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised.

The patent position of biotechnology companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our and our current or future licensors', licensees' or collaborators' patent rights are highly uncertain. Our and our licensors', licensees' or collaborators' pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. The patent examination process may require us or our licensors, licensees or collaborators to narrow the scope of the claims of our or our licensors', licensees' or collaborators' pending and future patent applications, which may limit the scope of patent protection that may be obtained. In the past, we have not always been able to obtain the full scope of patent protection we have initially sought in our patent applications, and as described above and as is typical for most biotechnology patent prosecution, we have been required to narrow or eliminate patent claims as part of the patent prosecution process. In addition, some patent applications that we or our licensors have filed have not resulted in issued patents because we or our licensors have abandoned those patent applications as changes in business and/or legal strategies dictated.

We cannot assure you that all of the potentially relevant prior art relating to our patents and patent applications has been found. If such prior art exists, it can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue and even if such patents cover our product candidates, third parties may an initiate opposition, interference, re-examination, post-grant review, inter partes review, nullification or derivation action in court or before patent offices, or similar proceedings challenging the validity, enforceability or scope of such patents, which may result in the patent claims being narrowed or invalidated. Our and our licensors', licensees' or collaborators' patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications, and then only to the extent the issued claims cover the technology.

Because patent applications in the United States and most other countries are confidential for a period of time after filing, and some remain so until issued, we cannot be certain that we or our licensors were the first to

file any patent application related to a product candidate. Furthermore, if third parties have filed such patent applications on or before March 15, 2013, an interference proceeding in the United States can be initiated by such third parties to determine who was the first to invent any of the subject matter covered by the patent claims of our applications. If third parties have filed such applications after March 15, 2013, a derivation proceeding in the United States can be initiated by such third parties to determine whether our invention was derived from theirs. Even where we have a valid and enforceable patent, we may not be able to exclude others from practicing our invention where the other party can show that they used the invention in commerce before our filing date or the other party benefits from a compulsory license. In addition, patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Even if patents covering our product candidates are obtained, once the patent life has expired for a product, we may be open to competition from competitive medications, including biosimilar or generic medications.

Furthermore, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. We expect to seek extensions of patent terms where these are available in any countries where we are prosecuting patents. This includes in the United States under the Drug Price Competition and Patent Term Restoration Act of 1984, which permits a patent term extension of up to five years beyond the expiration of the patent. However the applicable authorities, including the FDA and the U.S. Patent and Trademark Office, or USPTO, in the United States, and any equivalent foreign regulatory authority, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to our patents, or may grant more limited extensions than we request. If this occurs, our competitors may take advantage of our investment in development and clinical trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case.

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

Filing, prosecuting, enforcing and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our or our licensors' or collaborators' intellectual property rights may not exist in some countries outside the United States or may be less extensive in some countries than in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we and our licensors or collaborators may not be able to prevent third parties from practicing our and our licensors' or collaborators' inventions in all countries outside the United States, or from selling or importing products made using our and our licensors' or collaborators' inventions in and into the United States or other jurisdictions. Competitors may use our and our licensors' or collaborators' technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we and our licensors or collaborators have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our product candidates, and our and our licensors' or collaborators' patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology, which could make it difficult for us and our licensors or collaborators to stop the infringement of our and our licensors' or collaborators' patents or marketing of competing products in violation of our and our licensors' or collaborators' proprietary rights generally. Proceedings to enforce our and our licensors' or collaborators' patent rights in foreign jurisdictions could result in substantial costs and divert our and our licensors' or collaborators' efforts and attention from other aspects of our business, could put our and our licensors' or collaborators' patents at risk of being invalidated or interpreted narrowly and our and our licensors'

or collaborators' patent applications at risk of not issuing and could provoke third parties to assert claims against us or our licensors or collaborators. We or our licensors or collaborators may not prevail in any lawsuits that we or our licensors or collaborators initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve technological and legal complexity, and obtaining and enforcing biopharmaceutical patents is costly, time-consuming, and inherently uncertain.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our and our licensors' or collaborators' patent applications and the enforcement or defense of our or our licensors' or collaborators' issued patents. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted and may also affect patent litigation.

An important change introduced by the AIA is that, as of March 16, 2013, the United States transitioned to a "first-to-file" system for deciding which party should be granted a patent when two or more patent applications are filed by different parties claiming the same invention. A third party that files a patent application in the USPTO after that date but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by the third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application, but circumstances could prevent us from promptly filing patent applications on our inventions.

Among some of the other changes introduced by the AIA are changes that limit where a patentee may file a patent infringement suit and providing opportunities for third parties to challenge any issued patent in the USPTO. This applies to all of our U.S. patents, even those issued before March 16, 2013. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. The Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

The USPTO recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and, in particular, the first to file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our or our licensors' or collaborators' patent applications and the enforcement or defense of our or our licensors' or collaborators' issued patents, all of which could have an adverse effect on our business and financial condition.

Moreover, in recent years, the Supreme Court and the U.S. Court of Appeals for the Federal Circuit have rendered decisions in several patent cases such as Association for Molecular Pathology v. Myriad Genetics, Inc. (Myriad I), BRCA1- & BRCA2-Based Hereditary Cancer Test Patent Litig., (Myriad II), Mayo Collaborative Services v. Prometheus Laboratories, Inc., and Alice Corporation Pty. Ltd. v. CLS Bank International, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent

owners in certain situations. In addition to increasing uncertainty with regard to our and our licensors' or collaborators' 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 Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our and our licensors' or collaborators' ability to obtain new patents or to enforce existing patents and patents that we and our licensors or collaborators may obtain in the future.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we or our licensors or collaborators fail to maintain the patents and patent applications covering our product candidates, our competitors might be able to enter the market, which would have an adverse effect on our business.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed.

Because we collaborate with various collaborators on the development and commercialization of one or more of our product candidates and because we rely on third parties to manufacture our product candidates, we must, at times, share trade secrets with them. We seek to protect our wholly-owned technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with our advisors, employees, third-party contractors and consultants prior to disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor's discovery of our trade secrets or other unauthorized use or disclosure would impair our competitive position and may have an adverse effect on our business.

In addition, these agreements typically restrict the ability of our advisors, employees, third-party contractors and consultants to publish data potentially relating to our trade secrets, although our agreements may contain certain limited publication rights. For example, any academic institution that we may collaborate with in the future may be granted rights to publish data arising out of such collaboration, provided that we are notified in advance and given the opportunity to delay publication for a limited time period in order for us to secure patent protection of intellectual property rights arising from the collaboration, in addition to the opportunity to remove confidential or trade secret information from any such publication. Our existing collaborative research and development programs may require us to share trade secrets under the terms of our research and development collaborations or similar agreements. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of our agreements with third parties, independent development or publication of information by any of our third-party collaborators. A competitor's discovery of our trade secrets would impair our competitive position and have an adverse impact on our business.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful and have an adverse effect on the success of our business.

Third parties may infringe our or our licensors' or collaborators' patents or misappropriate or otherwise violate our or our licensors' or collaborators' intellectual property rights. In the future, we or our licensors or collaborators may initiate legal proceedings to enforce or defend our or our licensors' or collaborators' intellectual property rights, to protect our or our licensors' or collaborators' trade secrets or to determine the validity or scope of intellectual property rights we own or control. Also, third parties may initiate legal proceedings against us or our licensors or collaborators to challenge the validity or scope of intellectual property rights we own or control. These proceedings can be expensive and time-consuming, and many of our or our licensors' or collaborators' adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensors or collaborators. In addition, in an infringement proceeding, a court may decide that a patent owned by or licensed to us is invalid or unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our or our licensors' or collaborators' patents do not cover the technology in question. Furthermore, an adverse result in any litigation or administrative proceeding could put one or more of our or our licensors' or collaborators' patents at risk of being invalidated, held unenforceable or interpreted narrowly.

Accordingly, despite our or our licensors' or collaborators' efforts, we or our licensors or collaborators may not prevent third parties from infringing upon or misappropriating intellectual property rights we own or control, particularly in countries where the laws may not protect those rights as fully as in the United States. In addition, litigation and administrative proceedings could result in substantial costs and diversion of management resources, which could harm our business and financial results.

Within and outside of the United States, there has been a substantial amount of litigation and administrative proceedings regarding patent and other intellectual property rights in the pharmaceutical industry including opposition, derivation, reexamination, inter partes review or interference proceedings, or other preissuance or post-grant proceedings in the United States or other jurisdictions. Such proceedings may be provoked by third parties or by us or our licensors or collaborators to protect or enforce our or our licensors' or collaborators' patents or patent applications. Additionally, third-party preissuance submission of prior art to the USPTO or other foreign jurisdictions may jeopardize the issuance or scope of our or our licensors' or collaborators' patent applications. An unfavorable outcome in any such proceedings could require us or our licensors or collaborators to cease using the related technology, or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us or our licensors or collaborators a license on commercially reasonable terms or at all, and we could be forced to stop commercializing our product candidates. Even if we or our licensors or collaborators obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us or our licensors or collaborators.

In addition, if the breadth or strength of protection provided by our or our licensors' or collaborators' patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Even if we successfully defend such litigation or proceeding, we may incur substantial costs, and it may distract our management and other employees. We could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent.

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. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have an adverse effect on the price of shares of our common stock.

If we breach the license agreements related to our product candidates, we could lose the ability to continue the development and commercialization of our product candidates.

Our commercial success depends upon our ability, and the ability of our licensors and collaborators, to develop, manufacture, market and sell our product candidates and use our and our licensors' or collaborators' wholly-owned technologies without infringing the proprietary rights of third parties. A third party may hold intellectual property, including patent rights that are important or necessary to the development of our products. As a result, we are a party to a number of technology licenses that are important to our business and expect to enter into additional licenses in the future. For example, we have in-licensed the rights to certain intellectual property relating to SHM under our in-license agreement with the Medical Research Council, which is the subject of issued patents and pending patent applications in certain countries. If we fail to comply with the obligations under these agreements, including payment and diligence terms, our licensors may have the right to terminate these agreements, in which event we may not be able to develop, manufacture, market or sell any product that is covered by these agreements or may face other penalties under the agreements. Such an occurrence could adversely affect the value of the product candidate being developed under any such agreement. Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements, which may not be available to us on equally favorable terms, or at all, or cause us to lose our rights under these agreements, including our rights to intellectual property or technology important to our development programs.

Disputes may arise regarding intellectual property subject to a licensing agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under any collaboration relationships we might enter into in the future;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our collaborators; and
- the priority of invention of patented technology.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

Third parties may initiate legal proceedings against us alleging that we infringe their intellectual property rights or we may initiate legal proceedings against third parties to challenge the validity or scope of intellectual property rights controlled by third parties, the outcome of which would be uncertain and could have an adverse effect on the success of our business.

Third parties may initiate legal proceedings against us or our licensors or collaborators alleging that we or our licensors or collaborators infringe their intellectual property rights, or we or our licensors or collaborators may initiate legal proceedings against third parties to challenge the validity or scope of intellectual property rights controlled by third parties, including in oppositions, interferences, reexaminations, inter partes reviews or derivation proceedings in the United States or other jurisdictions. These proceedings can be expensive and time-consuming, and many of our or our licensors' or collaborators' adversaries in these proceedings may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we or our licensors or collaborators.

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of management and employee resources from our business. An unfavorable outcome could require us or our licensors or collaborators to cease using the related technology or developing or commercializing our product candidates, or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us or our licensors or collaborators a license on commercially reasonable terms or at all. Even if we or our licensors or collaborators obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us or our licensors or collaborators. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could harm our business.

We may be subject to claims by third parties asserting that our employees or we have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

Many of our employees, including our senior management, were previously employed at universities or at other biopharmaceutical companies, including our competitors or potential competitors. Some of these employees executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed confidential information or intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. Litigation may be necessary to defend against these claims.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel or sustain damages. Such intellectual property rights could be awarded to a third party, and we could be required to obtain a license from such third party to commercialize our technology or products. Such a license may not be available on commercially reasonable terms or at all. Even if we successfully prosecute or defend against such claims, litigation could result in substantial costs and distract management.

Our inability to protect our confidential information and trade secrets would harm our business and competitive position.

In addition to seeking patents for some of our technology and products, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. 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 both within and outside the United States may be less willing or unwilling to protect trade secrets. Furthermore, if a competitor lawfully obtained or independently developed any of our trade secrets, we would have no right to prevent such competitor from using that technology or information to compete with us, which could harm our competitive position. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret.

If we do not obtain protection under the Hatch-Waxman Amendments and similar foreign legislation for extending the term of patents covering each of our product candidates, our business may be harmed.

Depending upon the timing, duration and conditions of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit a patent term extension of up to five years for a patent covering an approved product as compensation for effective patent term lost during product development and the FDA regulatory review process. However, we may not receive an extension if we fail to apply within applicable deadlines, fail to apply prior to expiration of relevant patents or otherwise fail to satisfy applicable requirements. Moreover, the length of the extension could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is less than we request, the period during which we can enforce our patent rights for that product will be shortened, and our competitors may obtain approval to market competing products sooner. As a result, our revenue from applicable products could be reduced, possibly materially.

Risks Related to this Offering and Ownership of Our Common Stock

We do not know whether an active, liquid and orderly trading market will develop for our common stock or what the market price of our common stock will be and as a result it may be difficult for you to sell your shares of our common stock.

Prior to this offering, no market for shares of our common stock existed and an active trading market for our shares may never develop or be sustained following this offering. We will determine the initial public offering price for our common stock through negotiations with the underwriters, and the negotiated price may not be indicative of the market price of our common stock after this offering. The market value of our common stock may decrease from the initial public offering price. As a result of these and other factors, you may be unable to resell your shares of our common stock at or above the initial public offering price. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. Furthermore, an inactive market may also impair our ability to raise capital by selling shares of our common stock and may impair our ability to enter into strategic collaborations or acquire companies or products by using our shares of common stock as consideration.

The market price of our stock may be volatile, and you could lose all or part of your investment.

The trading price of our common stock following this offering is likely to be highly volatile and subject to wide fluctuations in response to various factors, some of which we cannot control. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this prospectus, these factors include:

- the success of competitive products;
- regulatory actions with respect to our products or our competitors’ products;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements by us or our competitors of significant acquisitions, strategic collaborations, joint ventures, collaborations or capital commitments;
- results of preclinical studies and clinical trials of our product candidates or those of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our product candidates or clinical development programs;
- developments with respect to our existing collaboration agreements and announcements of new collaboration agreements;

- the results of our efforts to in-license or acquire additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders or our other stockholders;
- changes in the structure of healthcare payment systems;
- market conditions in the biotechnology sector; and
- general economic, industry and market conditions.

In addition, the stock market in general, and the NASDAQ Global Market and biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. The realization of any of the above risks or any of a broad range of other risks, including those described in this "Risk Factors" section, could have a dramatic and adverse impact on the market price of our common stock.

We will have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. You will not have the opportunity, as part of your investment decision, to assess whether we are using the proceeds appropriately. Our management might not apply our net proceeds in ways that ultimately increase the value of your investment. If we do not invest or apply the net proceeds from this offering in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

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.

Prior to this offering, our executive officers, directors, holders of 5% or more of our capital stock and their respective affiliates beneficially owned approximately 84.6% of our voting stock and, upon the closing of this offering, that same group will hold approximately % of our outstanding voting stock (assuming no exercise of the underwriters' over-allotment option, no exercise of outstanding options or warrants and no purchases of shares in this offering by any of this group), in each case assuming the conversion of all outstanding shares of our convertible preferred stock into shares of our common stock immediately prior to the closing of this offering. After this offering, this group of stockholders will have the ability to control us through this ownership position

even if they do not purchase any additional shares in this offering. 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 you may feel are in your best interest as one of our stockholders. The interests of this group of stockholders may not always coincide with your interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of other stockholders, including seeking a premium value for their common stock, and might affect the prevailing market price for our common stock.

If you purchase our common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

The initial public offering price is substantially higher than the net tangible book value per share of our common stock. Investors purchasing common stock in this offering will pay a price per share that substantially exceeds the book value of our tangible assets after subtracting our liabilities. As a result, investors purchasing common stock in this offering will incur immediate dilution of $ per share, based upon an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus). Further, investors purchasing common stock in this offering will contribute approximately % of the total amount invested by stockholders since our inception, but will own only approximately % of the shares of common stock outstanding after giving effect to this offering.

This dilution is due to our investors who purchased shares prior to this offering having paid substantially less when they purchased their shares than the price offered to the public in this offering and the exercise of stock options granted to our employees. In addition, as of June 30, 2015, options to purchase 8,657,422 shares of our common stock at a weighted-average exercise price of $0.1870 per share, warrants exercisable for 822,386 shares of our common stock at an exercise price of $0.65 per share and warrants exercisable for Series C convertible preferred stock convertible into 2,063,484 shares of our common stock at an exercise price of $0.65 per share were outstanding. Additional options to purchase 5,496,050 shares of our common stock at an exercise price of $0.99 per share were granted between June 30, 2015 and August 31, 2015. The exercise of any of these options would result in additional dilution. As a result of the dilution to investors purchasing shares in this offering, investors may receive significantly less than the purchase price paid in this offering, if anything, in the event of our liquidation. For a further description of the dilution that you will experience immediately after this offering, see “Dilution.”

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 Jumpstart Our Business Startups Act of 2012, or 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 not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements and exemptions from the requirements of holding nonbinding advisory stockholder votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. 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 stock price may be more volatile.

We will remain an emerging growth company until the earlier of (i) the last day of the fiscal year (a) following the fifth anniversary of the closing of our initial public offering, (b) in which we have total annual gross revenue of at least $1 billion or (c) in which we are deemed to be a large accelerated filer, which requires the market value of our common stock that is held by non-affiliates to exceed $700 million as of the prior

June 30th, and (ii) the date on which we have issued more than $1 billion in non-convertible debt during the prior three-year period.

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. As a result, changes in rules of U.S. generally accepted accounting principles or their interpretation, the adoption of new guidance or the application of existing guidance to changes in our business could significantly affect our financial position and results of operations.

We will incur increased costs as a result of operating as a public company, and our management will devote substantial time to new compliance initiatives.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company, and these expenses may increase even more after we are no longer an "emerging growth company." We will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Protection Act, as well as rules adopted, and to be adopted, by the SEC and the NASDAQ Global Market. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, we expect these rules and regulations to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly. The increased costs will increase our net loss. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to incur substantial costs to maintain the sufficient coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. After this offering, we will have outstanding shares of common stock based on the number of shares outstanding as of June 30, 2015, assuming: (i) no exercise of the underwriters' option to purchase additional shares and (ii) the conversion of all outstanding shares of our convertible preferred stock into 80,645,053 shares of common stock immediately prior to the closing of this offering. This includes the shares that we sell in this offering, which may be resold in the public market immediately without restriction, unless purchased by our affiliates. Of the remaining shares, shares of our common stock are currently restricted as a result of securities laws or lock-up agreements but will be able to be sold after this offering as described in the "Shares Eligible for Future Sale" section of this prospectus. Moreover, after this offering, holders of an aggregate of shares of our common stock will have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also intend to register all shares of common stock that we may issue under our equity incentive plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements described in the "Underwriting" section of this prospectus.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

We expect that significant additional capital may be needed in the future to continue our planned operations, including conducting clinical trials, commercialization efforts, expanded research and development activities and costs associated with operating a public company. To raise capital, we may sell common stock, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell common stock, convertible securities or other equity securities, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences and privileges senior to the holders of our common stock, including shares of common stock sold in this offering.

Our disclosure controls and procedures may not prevent or detect all errors or acts of fraud.

Upon the closing of this offering, we will become subject to the periodic reporting requirements of the Exchange Act. We designed our disclosure controls and procedures to reasonably assure that information we must disclose in reports we file or submit under the Exchange Act is accumulated and communicated to management, and recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. We believe that any disclosure controls and procedures or internal controls and procedures, no matter how well-conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

We do not intend to pay dividends on our common stock so any returns will be limited to the value of our stock.

We have never declared or paid any cash dividend on our common stock. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the appreciation of their stock.

Provisions in our restated certificate of incorporation and restated bylaws and Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our common stock.

Our restated certificate of incorporation and restated bylaws, as we expect they will be in effect upon closing of the offering, will contain provisions that could depress the market price of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions, among other things:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- provide that directors may only be removed “for cause” and only with the approval of two-thirds of our stockholders;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;

- authorize the issuance of "blank check" preferred stock that our board could use to implement a stockholder rights plan (also known as a "poison pill");
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting; and
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations and other transactions between us and holders of 15% or more of our common stock.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion 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. We do not currently have and may never obtain research coverage by securities and industry analysts. If no or few securities or industry analysts commence coverage of us, the trading price for our stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, 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 animal 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.

We plan to use potential future operating losses and our federal and state net operating loss, or NOL, carryforwards to offset taxable income from revenue generated from operations or corporate collaborations. However, our ability to use NOL carryforwards could be limited as a result of issuance of equity securities.

We plan to use our current year operating losses to offset taxable income from any revenue generated from operations or corporate collaborations. To the extent that our taxable income exceeds any current year operating losses, we plan to use our NOL carryforwards to offset income that would otherwise be taxable. However, under the Tax Reform Act of 1986, the amount of benefits from our NOL carryforwards may be impaired or limited if we incur a cumulative ownership change of more than 50%, as interpreted by the U.S. Internal Revenue Service, over a three-year period. As a result, our use of federal NOL carryforwards could be limited by the provisions of Section 382 of the U.S. Internal Revenue Code of 1986, as amended, depending upon the timing and amount of additional equity securities that we have issued or will issue, including as a result of this offering. State NOL carryforwards may be similarly limited. Any such disallowances may result in greater tax liabilities than we would incur in the absence of such a limitation and any increased liabilities could adversely affect our business, results of operations, financial condition and cash flow.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled “Prospectus Summary,” “Risk Factors,” “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business” contains forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan” “expect,” and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements.

The forward-looking statements in this prospectus include, among other things, statements about:

- the success, cost and timing of our product candidate development activities and planned clinical trials;
- our plans to develop and commercialize antibodies, including our lead product candidates ANB020 for patients with severe allergic and atopic diseases and ANB019 for patients with GPP and PPP;
- the likelihood that the clinical data generated in Australia will be subsequently accepted by the FDA and its foreign equivalents outside of Australia;
- the timing and ability of our collaborators to develop and commercialize our partnered product candidates;
- the potential benefits and advantages of our product candidates and approaches versus those of our competitors;
- our ability to execute on our strategy, including advancing our lead product candidates, identifying emerging opportunities in key therapeutic areas, continuing to expand our wholly-owned pipeline and retaining rights to strategic products in key commercial markets;
- our ability to obtain funding for our operations, including funding necessary to complete further development and commercialization of our product candidates;
- the timing of and our ability to obtain and maintain regulatory approvals for ANB020 and ANB019 and our other product candidates;
- our ability to develop our product candidates;
- the rate and degree of market acceptance and clinical utility of any approved product candidates;
- the size and growth potential of the markets for any approved product candidates, and our ability to serve those markets;
- our commercialization, marketing and manufacturing capabilities and strategy;
- our expectations regarding our ability to obtain and maintain intellectual property protection for our product candidates;
- regulatory developments in the United States, Australia and other foreign countries;
- the success of competing therapies that are or may become available;
- our ability to attract and retain key scientific or management personnel;
- our use of the net proceeds from this offering;
- our ability to identify additional products or product candidates with significant commercial potential that are consistent with our commercial objectives; and
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a competitive and

rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations, except as required by law.

You should read this prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

MARKET AND INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity, and market size, is based on information from various sources on assumptions that we have made that are based on those data and other similar sources and on our knowledge of the markets for our products. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the market position, market opportunity and market size information included in this prospectus is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors” and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

USE OF PROCEEDS

We estimate that the net proceeds from our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million, or $ million if the underwriters exercise their option to purchase additional shares in full.

A $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, remains the same, and after deducting estimated underwriting discounts and commissions. Similarly, each increase or decrease of one million in the number of shares of common stock offered by us would increase or decrease the net proceeds that we receive from this offering by $ million, assuming that the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

We currently intend to use the net proceeds we receive from this offering as follows:

- approximately $ million to fund development of ANB019 and ANB020 through initial clinical trials intended to demonstrate efficacy in multiple indications;
- approximately $ million to fund continued development of other wholly-owned product candidates and discovery of new product candidates to further expand our proprietary pipeline; and
- any remaining amounts to fund working capital, including general corporate purposes.

Based on our planned use of the net proceeds, we estimate such funds, together with our existing cash and cash equivalents, will be sufficient for us to fund our operating expenses and capital expenditure requirements through at least the next 24 months.

The expected use of the net proceeds from the offering represents our intentions based upon our current plans and business conditions. As of the date of this prospectus, we cannot predict with any certainty all of the particular uses for the net proceeds or the amounts that we will actually spend on the uses set forth above. We may use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions or businesses that complement our business, although we have no present commitments or agreements.

The amounts and timing of our clinical expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the status, results and timing of our current preclinical studies and clinical trials we may commence in the future, product approval process with the FDA and other regulatory agencies, our current collaborations and any new collaborations we may enter into with third parties and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering.

The expected net proceeds of this offering will not be sufficient for us to fund any of our product candidates through regulatory approval, and we will need to raise substantial additional capital to complete the development and commercialization of our product candidates.

Pending their use as described above, we intend to invest the net proceeds from this offering in short term, investment-grade interest-bearing securities such as money market accounts, certificates of deposit, commercial paper and guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have never declared or paid cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not anticipate paying any dividends on our common stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors and will depend on our financial condition, operating results, capital requirements, general business conditions and other factors that our board of directors may deem relevant. In addition, under the terms of our current credit facility, we are prohibited from paying cash dividends without the consent of Silicon Valley Bank.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2015 on:

- an actual basis;
- a pro forma basis, giving effect to (i) the automatic conversion of all outstanding shares of our convertible preferred stock as of June 30, 2015 into 42,208,202 shares of common stock immediately prior to the closing of this offering, (ii) the sale and issuance of 38,436,851 shares of our Series D convertible preferred stock in a private placement by us in July 2015, (iii) the automatic conversion of 38,436,851 shares of Series D convertible preferred stock into 38,436,851 shares of common stock immediately prior to the closing of this offering, (iv) the conversion of the preferred stock warrants into common stock warrants and the related reclassification of the preferred stock warrant liability to additional paid-in capital, and (v) the effectiveness of our restated certificate of incorporation in connection with the closing of this offering; and
- a pro forma as adjusted basis, giving effect to the pro forma adjustments and the sale of shares of common stock by us in this offering, based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma as adjusted information set forth in the table below is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing.

You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited and unaudited consolidated financial statements and related notes included elsewhere in this prospectus.

	As of June 30, 2015 (unaudited)		
(in thousands, except share and par value data)	**Actual**	**Pro Forma**	**Pro Forma As Adjusted**
Cash and cash equivalents	$ 16,894	$	$
Notes payable	$ 4,848	$	$
Preferred stock warrant liabilities	1,720		
Series B convertible preferred stock, $0.001 par value; 27,742,879 shares authorized, 27,742,879 shares issued and outstanding, actual; no shares designated, issued or outstanding pro forma and pro forma as adjusted	28,220		
Series C convertible preferred stock, $0.001 par value; 17,982,024 shares authorized, 11,147,269 shares issued and outstanding, actual; no shares designated, issued or outstanding pro forma and pro forma as adjusted	6,452		
Series C-1 convertible preferred stock, $0.001 par value; 10,500,000 shares authorized, 3,318,054 shares issued and outstanding, actual; no shares designated, issued or outstanding pro forma and pro forma as adjusted	2,156		
Series D convertible preferred stock, $0.001 par value; no shares designated, issued or outstanding, actual, pro forma and pro forma as adjusted	—		
Stockholders' equity (deficit):			
Preferred Stock, $0.001 par value; no shares authorized, issued or outstanding, actual; shares authorized, no shares issued or outstanding, pro forma and pro forma as adjusted	—		
Common stock, $0.001 par value; 79,000,000 shares authorized, 17,811,491 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	18		
Additional paid in capital	14,697		
Accumulated deficit	(45,690)		
Total stockholders' equity (deficit)	(30,975)		
Total capitalization	$ 12,421	$	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately $ million, assuming that the number of shares offered by us remains the same and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of one million shares in the number of shares offered by us would increase (decrease) each of our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity (deficit) and total capitalization by approximately $ million, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions.

The number of shares of our common stock to be outstanding after this offering is based on 98,456,544 shares of our common stock outstanding as of June 30, 2015, and gives effect to the sale and issuance of 38,436,851 shares of Series D convertible preferred stock at a price of $1.06 per share in a private placement by us in July 2015.

The number of shares of our common stock to be outstanding after this offering excludes:

- 8,657,422 shares of common stock issuable upon the exercise of options outstanding as of June 30, 2015, with a weighted-average exercise price of $0.1870 per share;
- 5,496,050 shares of common stock issuable upon the exercise of options granted between June 30, 2015 and August 31, 2015, with an exercise price of $0.99 per share;
- shares of common stock reserved for future issuance under our stock-based compensation plans, consisting of (a) 3,178,857 shares of common stock reserved for future issuance under our 2006 Equity Incentive Plan as of August 31, 2015, (b) shares of common stock reserved for future issuance under our 2015 Equity Incentive Plan, which will become effective on the date immediately prior to the date of this prospectus and (c) shares of common stock reserved for future issuance under our 2015 Employee Stock Purchase Plan, which will become effective on the date of this prospectus. Upon the closing of this offering, any remaining shares available for issuance under our 2006 Equity Incentive Plan will be added to the shares reserved under our 2015 Equity Incentive Plan and we will cease granting awards under our 2006 Equity Incentive Plan. Our 2015 Equity Incentive Plan and 2015 Employee Stock Purchase Plan also provide for automatic annual increases in the number of shares reserved under the plans each year, as more fully described in "Executive Compensation—Employee Benefit and Stock Plans";
- 822,386 shares of our common stock issuable upon exercise of warrants for shares of common stock with an exercise price of $0.65 per share, that do not expire upon the closing of this offering; and
- 2,063,484 shares of common stock issuable upon the exercise of warrants to purchase shares of Series C convertible preferred stock that were outstanding as of June 30, 2015, with an exercise price of $0.65 per share, that do not expire upon the closing of this offering.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the amount per share paid by purchasers of shares of common stock in this initial public offering and the pro forma as adjusted net tangible book value per share of common stock immediately after this offering.

As of June 30, 2015, our pro forma net tangible book value was approximately $47.8 million, or $0.49 per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of June 30, 2015, assuming (i) the automatic conversion of all outstanding shares of our convertible preferred stock as of June 30, 2015 into 42,208,202 shares of common stock as of immediately prior to the closing of this offering, (ii) the sale and issuance of 38,436,851 shares of our Series D convertible preferred stock in a private placement by us in July 2015, (iii) the automatic conversion of 38,436,851 shares of Series D convertible preferred stock into 38,436,851 shares of common stock immediately prior to the closing of this offering, and (iv) the conversion of the preferred stock warrants into common stock warrants and the related reclassification of the preferred stock warrant liability to additional paid-in capital.

After giving effect to our sale in this offering of shares of our common stock at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of June 30, 2015 would have been approximately $ million, or $ per share of our common stock. This represents an immediate increase in pro forma net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to investors purchasing shares in this offering, as follows:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of June 30, 2015	$0.49	
Increase in pro forma net tangible book value per share attributable to new investors		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to investors in this offering		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma net tangible book value, as adjusted to give effect to this offering, by $ per share, the increase (decrease) attributable to this offering by $ per share, and the dilution in pro forma as adjusted net tangible book value per share to new investors in this offering by $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase of one million shares in the number of shares offered by us in this offering would increase our pro forma as adjusted net tangible book value per share, and decrease the dilution per share to investors in this offering, by $ per share. Each decrease of one million shares in the number of shares offered by us would decrease our pro forma as adjusted net tangible book value per share, and increase the dilution per share to investors in this offering, by $ per share.

If the underwriters exercise their option in full to purchase additional shares, the pro forma net tangible book value per share of our common stock after giving effect to this offering would be $ per share, and the dilution in net tangible book value per share to investors in this offering would be $ per share.

The following table summarizes, on a pro forma as adjusted basis as of June 30, 2015 after giving effect to (i) the automatic conversion of all outstanding shares of our convertible preferred stock into 42,208,202 shares of

common stock as of immediately prior to the closing of this offering, (ii) the sale and issuance of 38,436,851 shares of our Series D convertible preferred stock in a private placement by us in July 2015, (iii) the automatic conversion of 38,436,851 shares of Series D convertible preferred stock into 38,436,851 shares of common stock immediately prior to the closing of this offering, and (iv) the issuance of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, the difference between existing stockholders and new investors with respect to the number of shares of common stock purchased from us, the total consideration paid to us, and the average price per share paid, before deducting underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
	(in thousands, except percentage and per share data)				
Existing stockholders		%	$	%	$
New public investors					$
Total		100%	$	100%	

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) total consideration paid by new investors and total consideration paid by all stockholders by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

To the extent that any outstanding options are exercised, investors will experience further dilution.

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' option to purchase additional shares. If the underwriters exercise their option to purchase additional shares in full, our existing stockholders would own % and our new investors would own % of the total number of shares of our common stock outstanding upon the closing of this offering.

The number of shares of our common stock to be outstanding after this offering is based on 98,456,544 shares of our common stock outstanding as of June 30, 2015, and gives effect to the sale and issuance of 38,436,851 shares of Series D convertible preferred stock at a price of $1.06 per share in a private placement by us in July 2015.

The number of shares of our common stock to be outstanding after this offering excludes:

- 8,657,422 shares of common stock issuable upon the exercise of options outstanding as of June 30, 2015, with a weighted-average exercise price of $0.1870 per share;
- 5,496,050 shares of common stock issuable upon the exercise of options granted between June 30, 2015 and August 31, 2015, with an exercise price of $0.99 per share;
- shares of common stock reserved for future issuance under our stock-based compensation plans, consisting of (a) 3,178,857 shares of common stock reserved for future issuance under our 2006 Equity Incentive Plan as of August 31, 2015, (b) shares of common stock reserved for future issuance under our 2015 Equity Incentive Plan, which will become effective on the date immediately prior to the date of this prospectus and (c) shares of common stock reserved for future issuance under our 2015 Employee Stock Purchase Plan, which will become effective on the date of this prospectus. Upon the closing of this offering, any remaining shares available for issuance under our 2006 Equity Incentive Plan will be added to the shares reserved under our 2015 Equity Incentive Plan and we will cease granting awards under our 2015 Equity Incentive Plan. Our 2015 Equity Incentive Plan and 2015

Employee Stock Purchase Plan also provide for automatic annual increases in the number of shares reserved under the plans each year, as more fully described in “Executive Compensation—Employee Benefit and Stock Plans”;

- 822,386 shares of our common stock issuable upon exercise of warrants for shares of common stock with an exercise price of $0.65 per share, that do not expire upon the closing of this offering; and
- 2,063,484 shares of common stock issuable upon the exercise of warrants to purchase shares of Series C convertible preferred stock that were outstanding as of June 30, 2015, with an exercise price of $0.65 per share, that do not expire upon the closing of this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected statements of operations data for the years ended December 31, 2013 and 2014 and the balance sheet data as of December 31, 2013 and 2014 are derived from our audited financial statements included elsewhere in this prospectus. The selected consolidated statement of operations data for the six months ended June 30, 2014 and 2015 and the consolidated balance sheet data as of June 30, 2015 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. Our unaudited consolidated financial statements have been prepared on the same basis as our audited financial statements and, in the opinion of management, reflect all adjustments, which consist only of normal recurring adjustments, necessary for the fair statement of those unaudited consolidated financial statements. The selected consolidated financial data below should be read in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in any future period and the results for the six months ended June 30, 2015 are not necessarily indicative of results to be expected for the full year. The selected financial data in this section are not intended to replace the financial statements and are qualified in their entirety by the financial statements and related notes included elsewhere in this prospectus.

(in thousands, except per share data)	Year Ended December 31, 2013	Year Ended December 31, 2014	Six Months Ended June 30, 2014	Six Months Ended June 30, 2015
			(unaudited)	
Consolidated Statements of Operations Data:				
Collaboration revenue	$ 5,483	$15,838	$ 5,979	$ 8,979
Operating expenses:				
Research and development	8,820	8,614	3,878	6,389
General and administrative	1,950	2,354	1,230	1,626
Total operating expenses	10,770	10,968	5,108	8,015
Income (loss) from operations	(5,287)	4,870	871	964
Other income (expense), net				
Interest income	1	2	(1,270)	(229)
Interest expense	(886)	(1,281)	(30)	(1,151)
Change in fair value of liability for preferred stock warrants	627	(59)	1	(15)
Total other expense, net	(258)	(1,338)	(1,299)	(1,395)
Net income (loss)	(5,545)	3,532	(428)	(431)
Net income attributed to participating securities	—	(3,300)	—	—
Net income (loss) attributed to common stockholders	$ (5,545)	$ 232	$ (428)	$ (431)
Net income (loss) per common share:(1)				
Basic	$ (0.71)	$ 0.01	$ (0.02)	$ (0.02)
Diluted	$ (0.71)	$ 0.01	$ (0.02)	$ (0.02)
Weighted-average number of shares outstanding:(1)				
Basic	7,787	17,368	17,368	17,583
Diluted	7,787	18,627	17,368	17,583
Pro forma net income (loss) per common share (unaudited):(1)				
Basic		$ 0.06		$ (0.01)
Diluted		$ 0.06		$ (0.01)
Pro forma weighted-average number of shares outstanding (unaudited):(1)				
Basic		58,473		59,791
Diluted		59,732		59,791

(1) See Note 2 to our annual and interim consolidated financial statements for an explanation of the method used to calculate basic and diluted net income (loss) per common share, unaudited pro forma basic and diluted net income (loss) per common share and the weighted-average number of shares used in the computation of the per share amounts.

(in thousands)	As of December 31, 2013	As of December 31, 2014	As of June 30, 2015 (unaudited)
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 2,810	$ 22,188	$ 16,894
Total assets	3,914	25,065	22,291
Convertible promissory notes, current portion	818	—	—
Notes payable, current portion	—	—	634
Notes payable, noncurrent portion	—	4,793	4,214
Preferred stock warrant liabilities	386	569	1,720
Convertible preferred stock	34,672	36,828	36,828
Total stockholders' equity (deficit)	(34,527)	(30,835)	(30,975)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, including those factors set forth in the "Risk Factors" section of this prospectus, our actual results could differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a biotechnology company developing first-in-class antibody product candidates focused on unmet medical needs in inflammation and immuno-oncology. We develop our product candidates using our proprietary antibody discovery technology platform, which is designed to replicate, *in vitro*, the natural process of antibody generation. Our platform is based upon a breakthrough understanding of somatic hypermutation, the key biological process utilized to generate antibodies, which enables us to rapidly develop highly functional antibody drug candidates against emerging biological targets. Our most advanced, wholly-owned programs, ANB020 and ANB019, are being developed to treat severe inflammatory disorders with unmet medical need. In 2016, we plan to initiate clinical trials of ANB020, an antibody that inhibits the activity of interleukin-33 for the treatment of severe adult asthma and severe adult peanut allergy, and ANB019, an antibody that inhibits the interleukin-36 receptor for the treatment of rare inflammatory diseases called generalized pustular psoriasis and palmo-plantar pustular psoriasis. Our company is led by a strong management team with a proven track record of successfully growing biotechnology companies with deep experience in antibody discovery and development, collaborations, operations and corporate finance. Our investors include Biotechnology Value Fund, Cormorant Asset Management, Frazier Healthcare, HBM Partners, Longwood Capital Partners and Novo A/S.

Additionally, we have entered into multiple collaborations from which we expect four programs will enter the clinic in the next 18 months. Our collaborations include an immuno-oncology-focused collaboration with TESARO and an inflammation-focused collaboration with Celgene. Through August 31, 2015, we have received non-dilutive funding of $48.7 million from our collaborators.

We intend to continue generating additional therapeutic antibodies against emerging biological targets across various disease applications, including immuno-oncology, inflammation and other unmet medical needs. In general, our strategy is to advance our pipeline programs to key inflection points, and leverage partnerships with pharmaceutical and biotechnology companies where appropriate.

We have generated multiple antibodies by using our SHM-XEL platform certain of which are currently being advanced by our partners to key preclinical, clinical and commercial milestones, which we anticipate will generate additional cash receipts for us. To the extent that these product candidates are commercialized, we will also be entitled to royalty payments upon commercial sales of the associated products.

We have incurred losses in each period since our inception in 2005, except for 2014 in which we received $19.0 million from two upfront payments and recognized revenue of $11.5 million during 2014 following the execution of our strategic collaboration with TESARO. Accordingly, for the year ended December 31, 2014 we reported net income of $3.5 million. As of June 30, 2015, we had an accumulated deficit of $45.7 million. We expect to continue to incur net operating losses for at least the next several years as we advance our products through clinical development, seek regulatory approval, prepare for and, if approved, proceed to, commercialization, expand our operations and facilities and grow in new and existing markets, territories and industries. We will need substantial additional funding to pay expenses relating to our operating activities, including significant research and development expenses. Adequate funding may not be available to us on acceptable terms, or at all. Our failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on our business, results of operations or financial condition.

Financial Overview

Collaboration Revenue

We have not generated any revenue from product sales. Our revenue has been derived from amortization of upfront payments, research and development funding and milestone payments under collaboration and license agreements with our collaborators.

Collaboration and Exclusive License Agreement with TESARO

In March 2014, we entered into an exclusive worldwide license and collaboration agreement with TESARO for the development and commercialization of therapeutic monospecific and bispecific antibodies that antagonize PD-1, TIM-3 and/or LAG-3. We received $17.0 million in upfront fees from TESARO in March 2014, and in November 2014, we amended the agreement with TESARO to include the development and commercialization of bispecific antibodies to another undisclosed target, for an additional upfront fee of $2.0 million. Both upfront fees are being recognized as revenue through March 2016, which is the same period that our research and development services, for which we are reimbursed, are performed. From inception of the agreement through June 30, 2015, we have recognized $20.5 million in total revenue from TESARO.

For each of the four targets under the TESARO agreement, we are eligible to receive up to $273.0 million in milestone payments, which are comprised of $18.0 million for preclinical and clinical development milestone payments, $90.0 million upon certain regulatory events and $165.0 million upon worldwide commercial sales thresholds. In addition, TESARO is obligated to pay us tiered single-digit royalties on annualized net sales of each antibody commercialized from the collaboration. In June 2015, TESARO initiated *in vivo* toxicology studies using good laboratory practices for the anti-PD-1 antagonist antibody mentioned above, which resulted in us receiving a $1.0 million milestone in July 2015. We expect to receive an additional aggregate of $14.0 million in preclinical and IND-related payments by the end of 2016 based upon further development of the anti-PD-1 antagonist and two of the other targets mentioned above.

Antibody Generation Agreement with Celgene Corporation

In December 2011, we entered into a license and collaboration agreement with Celgene to develop therapeutic antibodies against multiple targets. We granted Celgene the option to obtain worldwide commercial rights to antibodies generated against each of the targets under the agreement, which option was triggered on a target-by-target basis by our delivery of antibodies meeting certain pre-specified parameters pertaining to each target under the agreement.

The agreement provided for an upfront payment of $6.0 million from Celgene, which we received in 2011, milestone payments of up to $53.0 million per target, low single-digit royalties on net sales of antibodies against each target, and reimbursement of specified research and development costs. From inception of the agreement through June 30, 2015, we have recognized $8.5 million in total revenue from Celgene. For one of the two programs being advanced by Celgene, we expect to receive up to an aggregate of $1.5 million in preclinical and IND-related milestone payments by the end of 2016.

Other Collaborative Agreements

We are party to other collaboration agreements for which in 2013 and 2014 we recognized $1.7 million and $3.7 million, respectively, in collaboration revenue. We have completed our obligations under these agreements and do not anticipate any additional revenue from them.

Research and Development

Research and development expenses consist of costs associated with our research and development activities, including drug discovery efforts and preclinical development of our programs. Our research and development expenses include:

- External research and development expenses incurred under arrangements with third-parties, such as CROs, consultants, members of our scientific and therapeutic advisory boards, and clinical manufacturers;
- Employee-related expenses, including salaries, benefits, travel and stock-based compensation;
- Facilities, depreciation and other allocated expenses, which include direct and allocated expenses for rent and maintenance of facilities, depreciation of leasehold improvements and equipment, and laboratory supplies; and
- License and sublicense fees.

We expense research and development costs as incurred. We account for advance payments for goods and services that will be used in future research and development activities as expenses when the service has been performed or when the goods have been received.

We are conducting research and development activities on several inflammation and immuno-oncology programs. We have a research and development team that conducts antibody discovery, characterization, translational studies, IND-enabling preclinical studies and clinical development. We conduct some of our early research and preclinical activities internally and plan to rely on third parties, such as CROs and CMOs, for the execution of certain of our research and development activities, such as *in vivo* toxicology and pharmacology studies, drug product manufacturing and clinical trials.

We are planning to conduct initial clinical trials in Australia to rapidly enter into first-in-human studies for ANB020 and ANB019 and benefit from research and development-related financial incentives related to the development of ANB020 and ANB019. Taking into account any financial incentives, we expect our research and development expenses to be higher in 2015 and 2016 as we advance our product candidates into clinical development.

General and Administrative

General and administrative expenses consist primarily of salaries and related benefits, including stock-based compensation, for our executive, finance, legal, business development, human resource and support functions. Other general and administrative expenses include allocated facility-related costs not otherwise included in research and development expenses, travel expenses and professional fees for auditing, tax and legal services, including intellectual property-related legal services.

Interest Expense

Interest expense consists of stated interest and amortization of discounts on our outstanding notes payable relating to our Loan and Security Agreement with Oxford Finance LLC and Silicon Valley Bank, which we refer to as the Loan Agreement.

Change in Fair Value of Liability for Preferred Stock Warrants

Income and expense from the change in fair value of our liability for preferred stock warrants is from the valuation of our outstanding warrants to purchase shares of our preferred stock, which is valued at each period end. Upon the closing of our initial public offering, the warrants to purchase shares of preferred stock will

convert into warrants to purchase shares of common stock, the preferred stock warrant liabilities will be reclassified to additional paid-in capital and periodic fair value adjustments will no longer be recorded.

Net Operating Loss and Research and Development Tax Credit Carryforwards

From our inception to December 31, 2013, we accumulated net operating losses, or NOLs. For the year ended December 31, 2014, we generated net income of $3.5 million primarily as a result of our collaboration agreement with TESARO. While we utilized NOLs in 2014, we continue to have a valuation allowance against our net deferred tax assets due to the uncertainty surrounding the realization of such assets.

At December 31, 2014, we had federal and state NOL carryforwards of $41.4 million each. The federal and state NOLs will begin to expire in 2027 and 2017, respectively, unless previously utilized. At December 31, 2014 we had federal and California research tax credit carryforwards of $1.6 million and $1.4 million, respectively. The federal research tax credit carryforward will begin to expire in 2026 and the California state credits carry forward indefinitely.

The NOL carryforward and the research tax credit carryforwards may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986, and similar state provisions if we experience one or more ownership changes which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period. We have not completed an IRC Section 382/383 analysis. If a change in ownership were to have occurred or occurs as a result of this offering, NOL and tax credits carryforwards could be eliminated or restricted. If eliminated, the related asset would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance. Due to the existence of the valuation allowance, limitations created by future ownership changes, if any, will not impact our effective tax rate.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events, and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates, if any, will be reflected in the financial statements prospectively from the date of change in estimates.

While our significant accounting policies are described in more detail in the notes to our financial statements appearing elsewhere in this prospectus, we believe the following accounting policies used in the preparation of our financial statements require the most significant judgments and estimates.

Revenue Recognition

Revenue is recognized in accordance with revenue recognition accounting guidance, which requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence that an arrangement exists; (ii) delivery has occurred and title and the risks and rewards of ownership have been transferred to the client or services have been rendered; (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured.

Multiple-Element Revenue Arrangements. We evaluate deliverables in a multiple-element arrangement to determine whether each deliverable represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value to the customer. If the delivered element does not have standalone value without one of the undelivered elements in the arrangement, we combine such elements and account for them as a single unit of accounting. We allocate the consideration to each unit of accounting at the inception of the arrangement based on the relative selling price.

We recognize consideration allocated to an individual element when all other revenue recognition criteria are met for that element. Our multiple-element revenue arrangements may include the following:

- License Arrangements. The deliverables under our collaboration and license agreements generally include exclusive or nonexclusive licenses to one or more products generated using our technologies. As the delivered licenses have not historically had standalone value apart from the undelivered elements, these have been recognized as revenue as a combined unit of accounting. Accordingly, we recognize revenue from nonrefundable upfront fees in the same manner as the undelivered item or items, which is generally the period over which we provide research and developments services.
- Research and Development Services. The deliverables under our collaboration and license arrangements may include research and development services we perform on behalf of or with our collaborators. As the provision of research and development services is an integral part of our operations and we may be principally responsible for the performance of these services under the agreements, we recognize revenue on a gross basis for research and development services as we perform those services. Additionally, we recognize research related funding under collaboration research and development efforts as revenue as we perform or deliver the related services in accordance with contract terms.

Milestone Revenue. Our collaboration and license agreements generally include contingent contractual payments related to achievement of specific research, development and regulatory milestones and sales-based milestones that are dependent upon the performance of the licensor or collaborator. A milestone is defined as an event (i) that can only be achieved based in whole or in part on either the entity's performance or on the occurrence of a specific outcome resulting from the entity's performance, (ii) for which there is substantive uncertainty at the date the arrangement is entered into that the event will be achieved and (iii) that would result in additional payments being due to us. Contingent consideration for which payment is either contingent solely upon the passage of time or the result of a counterparty's performance is not considered substantive.

We recognize consideration that is contingent upon the achievement of a milestone in its entirety as revenue in the period in which the milestone is achieved only if the milestone is substantive in its entirety. A milestone is considered substantive when it meets all of the following criteria:

- The consideration is commensurate with either the entity's performance to achieve the milestone or the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone;
- The consideration relates solely to past performance; and
- The consideration is reasonable relative to all of the deliverables and payment terms within the arrangement.

Milestones that are not considered substantive are generally recognized in the same manner as the undelivered item(s), which is generally the period over which we provide research and development services.

Research and Development Expenses

As part of the process of preparing our financial statements, we are required to estimate our accrued expenses as of each balance sheet date. This process involves reviewing open contracts and purchase orders,

communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. The majority of our service providers invoice us monthly in arrears for services performed or when contractual milestones are met. We make estimates of our accrued expenses as of each balance sheet date based on facts and circumstances known to us at that time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. The significant estimates in our accrued research and development expenses include the costs incurred for services performed by our vendors in connection with research and development activities for which we have not yet been invoiced.

We base our expenses related to research and development activities on our estimates of the services received and efforts expended pursuant to quotes and contracts with vendors that conduct research and development on our behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to our vendors will exceed the level of services provided and result in a prepayment of the research and development expense. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or prepaid accordingly. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made.

Although we do not expect our estimates to be materially different from amounts actually incurred, if our estimates of the status and timing of services performed differ from the actual status and timing of services performed, it could result in us reporting amounts that are too high or too low in any particular period. To date, there have been no material differences between our estimates of such expenses and the amounts actually incurred.

Stock-Based Compensation

We expense the fair value of stock awards to employees, net of estimated forfeitures, adjusted to reflect actual forfeitures, over the requisite service period, which is typically the vesting period. We estimate the fair value of options granted to employees at the date of grant using the Black-Scholes option-pricing model that requires management to apply judgment and make estimates, including:

- *fair value of the underlying common shares*, as approved by our board of directors, which was determined using the option-pricing method, or OPM, in periods through December 31, 2014, and the probability-weighted expected return method, or PWERM, beginning March 31, 2015;
- *risk-free interest rate*, which is based on observed interest rates appropriate for the expected term of the stock option grants, historically U.S. Treasury constant maturities;
- *expected volatility*, which is calculated based on reported volatility data for a representative peer group of publicly traded biotechnology companies for which historical information is available. Because we are privately held as of the date of these financial statements, we do not have relevant historical data to support our expected volatility;
- *expected dividend yield*, which is zero as we have never paid cash dividends and do not expect to pay any cash dividends in the foreseeable future; and
- *expected term*, which we calculate using the simplified method, which defines the life as the average of the contractual term of the options and the weighted average vesting period for all option tranches, as we have insufficient historical information regarding our stock options to provide a basis for an estimate.

We have computed the fair value of stock options at the date of grant using the following assumptions:

	Year Ended December 31,	
	2013	2014
Risk-free interest rate	1.5%-1.6%	2.0%
Expected volatility	71.0%-72.5%	66.8%
Expected dividend yield	0%	0%
Expected term (in years)	6.1-9.9	6.1

Stock-based compensation expense related to unvested stock option grants not yet recognized as of June 30, 2015 was $0.5 million and the weighted average period over which these grants are expected to vest is 3.3 years. We expect to continue to grant stock options in the future, and to the extent we do, our actual stock-based compensation expense recognized in future periods will likely increase.

Common Stock Valuations

We are a private company with no active public market for our common stock. Therefore, we have periodically determined the estimated per share fair value of our common stock at various dates using contemporaneous valuations performed in accordance with the guidance outlined in the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, or Practice Aid. Once a public trading market for our common stock has been established in connection with the closing of this offering, it will no longer be necessary for us to estimate the fair value of our common stock in connection with our accounting for stock options and restricted stock, as the fair value of our common stock will be its trading price on the NASDAQ Global Market.

Common Stock Valuation Methodologies. Our contemporaneous and retrospective valuations were prepared in accordance with the guidelines in the Practice Aid, which prescribes several valuation approaches for determining the value of an enterprise, such as the cost, market and income approaches, and various methodologies for allocating the value of an enterprise to its capital structure and specifically the common stock.

We used the market approach as this approach is based on the assumption that the value of an asset, including a company, is equal to the value of a substitute asset with the same characteristics. Therefore, the value of an asset can be inferred by finding similar assets, or an interest in similar assets, that have been sold in recent arm's-length transactions. The following market approaches were considered in our valuations:

- **Guideline Public Company Method.** The guideline public company method, or GPC method, compares the subject company with guideline publicly traded companies. Valuation multiples are calculated from selected guideline companies to provide an indication of how much a current investor in the marketplace would be willing to pay for a company with characteristics similar (such as similar business, size, geographic region, and other operating characteristics) to the subject company. These valuation multiples are evaluated and adjusted based on the strengths and weaknesses of the subject company relative to the selected guideline companies. Finally, the multiples are applied to the subject company's operating data to arrive at an indication of fair market value.
- **Similar Transaction Method.** The similar transaction method, or ST method, relies on data of actual transactions, such as mergers and acquisitions or completed initial public offerings, that have occurred in the subject company's industry or in related industries. As in the GPC method, valuation multiples are developed and applied to the subject company's operating data to estimate fair value. Again, the ST method can be used if there are recent transactions involving companies similar to the subject company.

Methods Used to Allocate Our Enterprise Value to Classes of Securities. In accordance with the Practice Aid, we considered the various methods for allocating the enterprise value across our classes and series of capital stock to determine the fair value of our common stock at each valuation date. The methods we utilized consisted of the following:

- **Option Pricing Method.** Under OPM, shares are valued by creating a series of call options with exercise prices based on the liquidation preferences and conversion terms of each equity class. The values of the preferred and common stock are inferred by analyzing these options.
- **Probability-Weighted Expected Return Method**. PWERM is a scenario based analysis that estimates the value per share based on the probability-weighted present value of expected future investment returns, considering each of the possible outcomes available to us, as well as the economic and control rights of each share class.

Our per share common stock value was estimated by allocating the equity value using the OPM at each valuation date up through December 31, 2014. Starting from our March 31, 2015 contemporaneous valuation, we used PWERM to allocate the equity value to each element of our capital structure, including our common stock. For both approaches, we applied a discount to the valuations due to the lack of marketability of the ordinary shares. We calculated the discount for lack of marketability using a strike put option model and applied it as appropriate to each allocation.

Preferred Stock Warrant Liabilities

We account for warrants for shares of preferred stock with conversion features that provide for adjustments in the warrant price as derivative liabilities in the accompanying consolidated balance sheets at their fair value on the date of issuance. The derivative liabilities are revalued at each balance sheet date until such instruments, so long as they remain exercisable for shares of preferred stock, are exercised or expire, with changes in the fair value between reporting periods recorded as other income or expense.

We use the Black-Scholes option pricing model to estimate the fair value of the preferred stock warrant liabilities. Inputs we used in the Black-Scholes option pricing model to determine estimated fair value include the estimated fair value of the underlying convertible preferred stock at the valuation measurement date, the remaining contractual term of the warrants, risk-free interest rates, expected dividends and the expected volatility of the price of the underlying convertible preferred stock.

Accounting Pronouncements Recently Adopted

In June 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, No. 2014-10, *Development Stage Entities (Topic 915)*, which eliminated the distinction of a Development Stage Entity along with the inception to date reporting requirements. As permitted by this ASU, we elected to early adopt the amendment beginning with our annual reporting period ended December 31, 2014, with retrospective application of the amended guidance. Upon adoption, there was no effect to our consolidated financial statements, other than the elimination of inception to date disclosures.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. This update requires the presentation of debt issuance costs in financial statements as a direct reduction of related debt liabilities rather than as an asset. Amortization of debt issuance costs continue to be reported as interest expense. As permitted by the ASU, we elected to early adopt the amendment beginning with its annual reporting period ended December 31, 2014, with retrospective application of the amended guidance. The adoption of this ASU resulted in the reclassification $37,000 and $85,000 in deferred debt issuance costs from prepaid expenses and other current assets to a direct reduction to the carrying values of notes payable and convertible promissory notes reported in the balance sheets at December 31, 2013 and 2014, respectively. The adoption of this guidance did not have any effect on our statement of operations during the years ended December 31, 2013 or 2014.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition guidance in FASB ASC 605, Revenue Recognition, including industry-specific guidance. This standard is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also requires additional disclosure about the nature, amount, timing and uncertainty of assets recognized from costs incurred to fulfill a contract. ASU 2014-09 becomes effective for our annual reporting period beginning January 1, 2018, including interim periods within that reporting period, with adoption permitted as early as January 1, 2017. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. We are currently assessing the impact that this standard will have on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements—Going Concern*, which provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and the related footnote disclosure. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financials are issued. When management identifies conditions or events that raise substantial doubt about the entity's ability to continue as a going concern, this standard also outlines disclosures that are required in our footnotes based on whether or not there are any plans intended to mitigate the relevant conditions or events to alleviate the substantial doubt. This standard becomes effective for our annual reporting period ending December 31, 2016, and for annual and interim periods thereafter. Early application is permitted. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

The JOBS Act

In April 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We intend to take advantage of the reduced reporting requirements and to rely on certain other exemptions provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," the exemptions that we may rely on include, without limitation:

- being permitted to present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- 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 may use these provisions until the last day of our fiscal year following the fifth anniversary of the closing of this offering. However, if certain events occur prior to the end of such five-year period, including if we

become a "large accelerated filer," our annual gross revenues exceed $1.0 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

Results of Operations

Comparison of the Six Months Ended June 30, 2014 and 2015

Collaboration Revenue

Collaboration revenue was $6.0 million and $9.0 million during the six months ended June 30, 2014 and 2015, respectively, an increase of $3.0 million. A comparison of revenue by collaborator is as follows:

(in thousands)	Six Months Ended June 30, 2014	2015	Increase (Decrease)
	(unaudited)		
TESARO-amortization of upfront payments	$2,605	$5,000	$ 2,395
TESARO-funding of research and development	1,450	3,354	1,904
TESARO-milestone	—	625	625
Celgene Corporation	592	—	(592)
Other	1,332	—	(1,332)
Total	$ 5,979	$8,979	$ 3,000

During the first and fourth quarter of 2014 we received $17.0 million and $2.0 million, respectively, in upfront fees under our collaboration and exclusive license agreement with TESARO. For the six months ended June 30, 2014 and 2015, we recognized the amortized portion of these upfront fees in the amounts of $2.6 million and $5.0 million, respectively. The upfront fees will continue to be recognized ratably through March 2016. We also recognized revenue of $1.5 million and $3.4 million during the six months ended June 30, 2014 and 2015, respectively, for research and development services performed under the agreement. We recognized revenue of $0.6 million during the six months ended June 30, 2015, for the achievement of a $1.0 million milestone upon initiation of *in vivo* toxicology studies, under the principles of good laboratory practice, using our anti-PD-1 antagonist antibody (TSR-042) by TESARO. The remaining $0.4 million of the milestone will be recognized ratably through March 2016.

The final deliverable under our 2011 antibody generation agreement with Celgene was completed in 2014. During the six months ended June 30, 2014, we recognized revenue of $0.6 million, which relates to $0.5 million for a success fee and $92,000 for research and development services performed under this agreement.

We are a party to other collaboration agreements for which in the six months ended June 30, 2014 we recognized $1.3 million in collaboration revenue. We completed our obligations under these agreements in 2014 and do not anticipate any additional revenue from them beyond 2014.

We expect that any collaboration revenue we generate will continue to fluctuate from period to period as a result of the timing and amount of milestones and other payments from our existing collaborations.

Research and Development

Research and development expenses were $3.9 million during the six months ended June 30, 2014 and $6.4 million for the six months ended June 30, 2015. The increase of $2.5 million is primarily related to a $1.5 million increase in external services and preclinical manufacturing consultation cost relating to our ANB020 and ANB019 programs, a $0.6 million increase in payroll and related expenses, including stock-based compensation, and a $0.3 million increase in laboratory supplies.

We expect our research and development expenses to increase as we advance our development programs further and, in particular, as we enter into clinical trials.

General and Administrative

General and administrative expenses were $1.2 million during the six months ended June 30, 2014 and $1.6 million for the six months ended June 30, 2015. The $0.4 million increase is due primarily to a $0.2 million increase in audit and tax fees and a $0.1 million increase in recruiting expenses incurred for key senior positions.

We expect that our general and administrative expenses will increase for the foreseeable future as we incur additional costs associated with being a publicly traded company, including legal, auditing and filing fees, additional insurance premiums, investor relations expenses and general compliance and consulting expenses. Also, we expect our intellectual property related legal expenses, including those related to preparing, filing, prosecuting and maintaining patent applications, to increase as our intellectual property portfolio expands.

Interest Expense

Interest expense during the six months ended June 30, 2014 was $1.3 million and represents stated interest of 10.0% on our convertible promissory notes principal of $2.0 million and amortization of the related beneficial conversion feature. All outstanding principal and accrued interest on the convertible promissory notes were converted in April 2014 into shares of Series C-1 preferred stock. Interest expense during the six months ended June 30, 2015 was $0.2 million and represents effective interest of 9.25% on our outstanding Term A Loans, which have an outstanding principal of $5.0 million as of June 30, 2015.

Change in Fair Value of Liabilities for Preferred Stock Warrants

The expense from the change in fair value of the liabilities for stock warrants increased by $1.1 million during the six months ended June 30, 2015 when compared to the three months ended June 30, 2014, and primarily reflects an increase in the valuation of our Series C convertible preferred stock at June 30, 2015 which had the effect of increasing the estimated fair value of the warrants.

Comparison of the Years Ended December 31, 2013 and 2014

Collaboration Revenue

Collaboration revenue was $5.5 million and $15.8 million during 2013 and 2014, respectively, an increase of $10.4 million. Our license and collaboration agreement with TESARO accounted for the majority of the increase in collaboration revenue during 2014. A comparison of revenue by collaborator is as follows:

(in thousands)	Year Ended December 31, 2013	2014	Increase (Decrease)
TESARO-amortization of upfront payments	$ —	$ 6,980	$ 6,980
TESARO-funding of research and development	—	4,568	4,568
Celgene Corporation	3,746	592	(3,154)
Other	1,737	3,698	1,961
Total	$5,483	$15,838	$ 10,355

During 2014, we received an aggregate of $19.0 million in upfront fees under our collaboration and exclusive license agreement with TESARO, which were deferred and are recognized ratably through March 2016. We also recognized revenue of $4.6 million during 2014 for research and development services performed under the agreement.

Pursuant to our antibody generation agreement with Celgene, we recognized revenue of $2.0 million during 2013 from the amortization of the upfront payment received in 2011. We also received $1.0 million and $0.5 million in success fees during 2013 and 2014, respectively, and recognized revenue of $0.7 million and $0.1 million for research and development services performed under this agreement during the years ended December 31, 2013 and 2014, respectively. The final deliverable under this agreement was completed in 2014.

During 2013 and 2014, we recognized revenues aggregating $1.7 million and $3.7 million, respectively from other collaborative agreements for which our obligations were completed in 2014.

Research and Development

Research and development expenses were $8.8 million and $8.6 million during 2013 and 2014, respectively, a decrease of $0.2 million. The decrease is due primarily to $0.4 million in lower salaries and related expenses resulting from reduced research and development positions, due to the completion of multiple collaborations during 2013 and early 2014, $0.3 million in lower depreciation expense, and $0.1 million in lower in-licensing fees due to the expiration of one of our contracts. These decreases were partially offset by $0.6 million in higher reimbursable external expense costs incurred under our collaboration with TESARO.

General and Administrative

General and administrative expenses were $2.0 million and $2.4 million during 2013 and 2014, respectively, an increase of $0.4 million. The increase is due primarily to $0.2 million in recruiting expenses for key senior hires during 2014, $0.1 million in higher salaries and related expenses for new senior level positions, and $0.1 million in higher legal expenses.

Interest Expense

Interest expense was $0.9 million during 2013 compared to $1.3 million during 2014, an increase of $0.4 million and represents stated interest of 10.0% on our convertible promissory notes principal of $2.0 million and amortization of the related beneficial conversion feature. The increase is due primarily to the $0.4 million write-off of the remaining discount on our convertible promissory notes upon conversion of the notes to into shares of Series C-1 Preferred stock during 2014.

Change in Fair Value of Liabilities for Stock Warrants

The change in fair value of the liabilities for stock warrants resulted in an expense of $59,000 in 2014 and income of $0.6 million in 2013. The change to an expense in 2014 resulted primarily from an increase in the valuation of our Series C convertible preferred stock which has the effect of increasing the estimated fair value of the warrants.

Liquidity and Capital Resources

From our inception through June 30, 2015, we have received an aggregate of $99.5 million to fund our operations including $44.1 million from the sale of equity securities, $46.0 million from our collaboration agreements and $9.4 million from venture debt. As of June 30, 2015, we had $16.9 million in cash and cash equivalents. In July, 2015, we issued an aggregate of 38,436,851 shares of Series D Preferred Stock at a purchase price of $1.06 per share, for aggregate net proceeds of $40.7 million.

In addition to our existing cash and cash equivalents, we are eligible to receive research and development funding and to earn milestone and other contingent payments for the achievement of defined collaboration objectives and certain nonclinical, clinical, regulatory and sales-based events, and royalty payments under our collaboration agreements. Our ability to earn these milestone and contingent payments and the timing of achieving these milestones is primarily dependent upon the outcome of our collaborators' research and development activities and is uncertain at this time. Our Loan Agreement and our rights to payments under our collaboration agreements are our only committed external source of funds.

Under the Loan Agreement, we may borrow up to $15.0 million in three separate draws of $5.0 million each, of which $5.0 million of the Term A Loans were outstanding at June 30, 2015. The Term B Loans for an aggregate of $5.0 million are available for draw through December 31, 2015, contingent upon our first multi-dose PK/toxicology studies on at least two development programs and the Term C Loans for an aggregate of $5.0 million are available for draw through December 31, 2016, contingent upon receiving FDA approval on IND submission on at least two development programs. Final maturity of the loans pursuant to the Loan Agreement is in January 2019.

Funding Requirements

Our primary uses of capital are, and we expect will continue to be, third-party clinical and preclinical research and development services, including manufacturing, laboratory and related supplies, compensation and related expenses, legal, patent and other regulatory expenses and general overhead costs. We believe our use of CROs and CMOs provides us with flexibility in managing our spending and limits our cost commitments at any point in time.

Based on our research and development plans and our timing expectations related to the progress of our programs, we expect that the net proceeds from this offering, together with our existing cash and cash equivalents, and research funding that we expect to receive under our existing collaborations, will enable us to fund our operating expenses and capital expenditure requirements through at least the next 24 months. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we expect. Additionally, the process of testing drug candidates in clinical trials is costly, and the timing of progress and expenses in these trials is uncertain.

Operating Activities

Net cash provided by operating activities during the six months ended June 30, 2014 of $13.4 million was primarily due to cash received pursuant to our collaboration agreement with TESARO that resulted in an increase in deferred revenue of $13.5 million. Net cash used in operating activities during the six months ended June 30, 2015 of $5.2 million, was primarily due to the use of cash for research and development activities and consisted of $0.4 million of net loss in addition to a reduction of deferred revenue of $4.6 million related to the amortization of our upfront payment received from TESARO.

Net cash used in operating activities during the year ended December 31, 2013 of $5.8 million was primarily due to our net loss for the period. Net cash provided by operating activities of $14.6 million during the year ended December 31, 2014 was primarily due to cash received pursuant to our collaboration agreement with TESARO and consisted of net income of $3.5 million in addition to an increase of $10.7 million in deferred revenues and non-cash interest expense of $1.3 million, partially offset by an increase in receivables from our collaborative partner of $1.5 million.

Investing Activities

Cash used in investing activities during the six months ended June 30, 2014 and 2015 and years ended December 31, 2013 and 2014, were due to our purchases of property and equipment. As of this time, we plan to focus on our growth strategies and do not plan on using a significant amount of our cash resources in investing activities.

Financing Activities

Cash provided by financing activities during the six months ended June 30, 2014 and 2015 was zero and $29,000, respectively. The cash proceeds during 2015 are from the exercise of stock options, offset by payments related to deferred offering costs.

Cash provided by financing activities was $2.0 million during the year ended December 31, 2013 and represents the net cash proceeds from the issuance of our convertible promissory notes in August 2013. Cash provided by financing activities during the year ended December 31, 2014 was $4.9 million and represents the net cash proceeds from the issuance of our Term A Loans in December 2014.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2014:

		Payments Due by Period			
(in thousands)	Total(1)	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Notes payable, including interest and final payment fee	$6,161	$ 326	$3,578	$2,257	$ —
Operating lease obligation	842	496	346	—	—
Total	$7,003	$ 822	$3,924	$2,257	$ —

(1) Future minimum guaranteed payment obligations for annual royalty payments under all collaborative in-license agreements at December 31, 2014 aggregated $0.2 million. These obligations are excluded from the table above as the annual minimum payments are payable through ten years from the first commercial sale, if any, or expiration of the last patent to expire, the dates of which are not determinable at this time.

We enter into contracts in the normal course of business with clinical trial sites and clinical supply manufacturing organizations and with vendors for preclinical studies, research supplies and other services and products for operating purposes. These contracts generally provide for termination after a notice period, and, therefore, are cancelable contracts and not included in the table above.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our primary exposure to market risk is interest income sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term duration of our investment portfolio and the low-risk profile of our investments, we would not expect our operating results or cash flows to be affected to any significant degree by the effect of a sudden change in market interest rates on our investment portfolio.

We do not believe that our cash and cash equivalents have significant risk of default or illiquidity. While we believe our cash and cash equivalents do not contain excessive risk, we cannot provide absolute assurance that in the future our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits.

Our debt obligations bear interest at fixed rates and, therefore, have no exposure to changes in interest rates.

Foreign Currency Exchange Risk

In March 2015, we formed a wholly-owned subsidiary in Australia, which exposes us to foreign currency exchange risk. The functional currency of our subsidiary in Australia is the United States dollar. Assets and liabilities of our foreign subsidiary that are not denominated in the functional currency are remeasured into U.S.

dollars at foreign currency exchange rates in effect at the balance sheet date except for nonmonetary assets and capital accounts, which are remeasured at historical foreign currency exchange rates in effect at the date of transaction. Expenses are generally remeasured at monthly foreign currency exchange rates which approximate average rates in effect during each period. Net realized and unrealized gains and losses from foreign currency transactions and remeasurement are reported in other income (expense), net, in the consolidated statements of operations. We do not expect the effects of changes in exchange rates to have a material impact on our financial statements.

We have not hedged exposures denominated in foreign currencies, but may do so in the future.

BUSINESS

Overview

We are a biotechnology company developing first-in-class antibody product candidates focused on unmet medical needs in inflammation and immuno-oncology. We develop our product candidates using our proprietary antibody discovery technology platform, which is designed to replicate, *in vitro*, the natural process of antibody generation. Our platform is based upon a breakthrough understanding of somatic hypermutation, the key biological process utilized to generate antibodies, which enables us to rapidly develop highly functional antibody drug candidates against emerging biological targets. Our most advanced, wholly-owned programs, ANB020 and ANB019, are being developed to treat severe inflammatory disorders with unmet medical need. In 2016, we plan to initiate clinical trials of ANB020, an antibody that inhibits the activity of interleukin-33 for the treatment of severe adult asthma and severe adult peanut allergy, and ANB019, an antibody that inhibits the interleukin-36 receptor for the treatment of rare inflammatory diseases called generalized pustular psoriasis and palmo-plantar pustular psoriasis. Our company is led by a strong management team with a proven track record of successfully growing biotechnology companies with deep experience in antibody discovery and development, collaborations, operations and corporate finance. Our investors include Biotechnology Value Fund, Cormorant Asset Management, Frazier Healthcare, HBM Partners, Longwood Capital Partners and Novo A/S.

Additionally, we have entered into multiple collaborations from which we expect four programs will enter the clinic in the next 18 months. Our collaborations include an immuno-oncology-focused collaboration with TESARO and an inflammation-focused collaboration with Celgene. Through August 31, 2015, we have received significant, non-dilutive funding of $48.7 million from our collaborators.

Our Product Candidates

We have developed, and will continue to develop, antibody product candidates that leverage emerging insights into biological mechanisms to treat severe diseases with unmet medical need. The following table summarizes certain key information about our wholly-owned and partnered product candidates:

	Therapeutic Area	Antibody Target(s)	Current Status	Clinical Indications	Commercial Rights
Wholly-Owned Programs	Inflammation	IL-33 antagonist (ANB020)	Preclinical development	Asthma and allergy	AnaptysBio
		IL-36R antagonist (ANB019)	Preclinical development	GPP and PPP	
		Checkpoint agonist	Lead selection	Inflammation	
	Immuno-Oncology	Checkpoint antagonist	Lead selection	Oncology	AnaptysBio
		Checkpoint antagonist	Lead selection		
Partnered Programs	Inflammation	Undisclosed	Preclinical development	Inflammation	Celgene
		Undisclosed	Preclinical development		
	Immuno-Oncology	PD-1 antagonist (TSR-042)	Preclinical development	Oncology	TESARO
		TIM-3 antagonist	Preclinical development		
		LAG-3 antagonist	Preclinical development		
		PD-1/TIM-3 bispecific antagonist	Lead selection		
		PD-1/LAG-3 bispecific antagonist	Lead selection		
		Bispecific antagonist of two undisclosed checkpoints	Lead selection		

Our most advanced, wholly-owned product candidates are summarized below:

- **ANB020** is an antibody that inhibits the activity of interleukin-33, or IL-33, a pro-inflammatory cytokine that multiple studies have indicated is a central mediator of atopic diseases, including asthma, food allergies and atopic dermatitis. IL-33 acts on several cell types, including white blood cells that initiate and orchestrate atopic responses. IL-33 also directly mediates release of disease-associated cytokines, which recruit pro-inflammatory cells that mediate atopic disease. Because ANB020 inhibits IL-33 function, and acts upstream broadly across the key cell types and cytokines involved in atopy, we believe that its mechanism has advantages in the treatment of atopic diseases over competing agents that block only a subset of the cytokines responsible for atopic diseases. We believe ANB020 is potentially the first-in-class therapy targeting IL-33. We anticipate filing an Australian Clinical Trial Notification, or CTN, for ANB020 during the fourth quarter of 2015, the approval of which would allow us to commence clinical trials in Australia. We plan to commence a Phase 1 healthy volunteer trial in Australia in early 2016, followed by patient trials in severe adult asthma and severe adult peanut allergy in other countries, including the United States after submitting an IND to the FDA. We estimate, based on our analysis of publicly available data sources and interviews with physicians and key opinion leaders in the field, that asthma affects approximately 7.7% of the adult U.S. population, or approximately 19.0 million individuals, of which 19%, or approximately 3.6 million have severe, persistent occurrence of this respiratory disease. Peanut allergy is the most common cause of food-induced allergy in the United States. Based on our analysis, we estimate approximately 1.7 million adults are affected by peanut allergy, of which approximately 600,000 are regularly treated by allergists and approximately 400,000 are at risk for severe reactions and therefore we believe are suitable for treatment with systemic biological therapies.
- **ANB019** is an antibody that inhibits the function of the interleukin-36-receptor, or IL-36R, which we are initially developing as a potential first-in-class therapy for GPP patients. GPP is a life-threatening, rare, systemic inflammatory disorder that, based on our analysis of publicly available data sources and interviews with physicians and key opinion leaders in the field, we estimate affects approximately 3,000 patients in the United States with no approved therapies. Studies have shown that GPP is associated with mutations, that lead to abnormally high signaling through the IL-36R, which we believe can be addressed by treatment with ANB019. We believe ANB019 is the most advanced therapeutic antibody targeting the IL-36R in development. We anticipate filing an Australian CTN for ANB019 during the second half of 2016, the approval of which would allow us to initiate Phase 1 trials in Australia during the second half of 2016. We plan to subsequently develop ANB019 in the United States after submitting an IND to the FDA and to seek FDA Orphan Drug Designation for the treatment of GPP and PPP. The FDA may grant Orphan Drug Designation to a drug intended to treat a disease or condition that generally affects fewer than 200,000 individuals in the United States.

Our SHM-XEL Platform

Our approach to developing novel therapeutic antibody product candidates relies upon somatic hypermutation, or SHM, a critical, endogenous process that generates the essential antibody diversity required to develop a natural immune response to pathogens. Our proprietary antibody generation platform, called SHM-XEL, is designed to replicate the natural process of SHM *in vitro.* Competing antibody discovery technologies include mouse immunization methodologies, microbial antibody display and human B-cell screening. We believe SHM-XEL overcomes several key limitations associated with these competing technologies and has the following competitive advantages:

- **Diversity against difficult targets.** By applying SHM without the constraints of an *in vivo* environment we are able to generate an unprecedented diversity of antibodies. This enables us to develop antibodies against human targets that we believe have not otherwise been accessible to other technologies.
- **High potency.** Because our platform generates highly-potent antibodies, we are potentially able to modulate every extracellular target associated with human disease, and believe only small therapeutic doses may be required to mediate therapeutic effect *in vivo*.

- **Functional activity selection.** Our mammalian cell system simultaneously displays and secretes antibodies during the antibody discovery process, allowing us to incorporate functional assays throughout the process and focus on producing product candidates that are optimized for the desired therapeutic activity.
- **Speed.** Our platform technology enables us to generate therapeutic-grade antibodies and initiate subsequent preclinical manufacturing and toxicology studies, typically in less than 12 months. We believe this timeline is significantly shorter than conventional approaches based upon mouse immunization and microbial display systems.
- **Manufacturability.** By utilizing our mammalian cell display system, we believe our approach increases the probability of success in manufacturing and commercialization by mitigating risks associated with antibody expression, formulation and stability during the antibody generation process.
- **Bispecific antibodies.** A bispecific antibody is a single therapeutic molecule designed to bind two different targets. Bispecific antibodies have the advantage of combining two therapeutic mechanisms with the goal of increasing therapeutic efficacy, in comparison to monospecific antibodies that bind either of the targets individually. We believe our competitors' bispecific strategies generally rely on proteins with non-natural formats, resulting in unpredictable pharmacokinetics and manufacturing properties. Our strategy is to develop bispecific antibodies that are composed of two different heavy chains with a common shared light chain that resemble the natural antibody structure and exhibit the desired functional activity to each target. Utilizing our proprietary SHM-XEL platform, we are able to generate a large diversity of heavy and light chain varieties against each therapeutic target, and then co-mature a common light chain in the context of two different heavy chains, which permits us to identify bispecific antibodies with sufficient potency against each of the two targets that we believe will provide greater therapeutic benefit.

Our Strategy

We are a leading antibody development company with a pipeline of novel therapeutic antibodies, which is being further expanded by applying our technology platform to emerging biological targets.

- **Advancing our lead product candidates into the clinic.** We plan to initiate a Phase 1 healthy volunteer trial for ANB020 in early 2016, followed by trials in severe adult asthma and severe adult peanut allergy patients. We plan to initiate a Phase 1 healthy volunteer trial for ANB019 during the second half of 2016, followed by a registration study in GPP patients. For both ANB020 and ANB019, we plan to conduct our initial clinical trials in Australia, and to then conduct further clinical development in the United States and other countries. We have elected to pursue this strategy in order to benefit from certain financial incentives that Australia makes available for biotechnology research and development, and because we believe that Australia provides a streamlined approval processes for the initiation of first-in-human studies and that the clinical data we generate in Australia will subsequently be accepted by the FDA and its foreign equivalents outside of Australia.
- **Identifying emerging opportunities in key therapeutic areas.** We intend to remain at the forefront of discovery and development of new therapeutic opportunities in inflammation and immuno-oncology by understanding and translating biological breakthroughs into first-in-class therapeutic antibodies. Our approach includes assessment of human genetics and tissue pathology to understand the relevance of emerging targets to patients with unmet medical needs. We plan to leverage this knowledge to create new product candidates and position our current and future programs for rapid clinical proof-of-concept achievement.
- **Continuing to expand our proprietary pipeline by generating new product candidates using our technology platform.** Using our proprietary antibody generation platform, we are able to rapidly develop novel therapeutic antibodies against emerging targets. Our goal is to advance one or more wholly-owned new therapeutic antibody program to an IND submission to the FDA, or foreign equivalent, each year.

- **Retaining rights to strategic products in key commercial markets.** We intend to retain ownership and control of our pipeline programs to key inflection points. We may build sales and marketing capabilities in selected specialty markets that we believe can be served with a focused commercial organization. For certain programs, we plan to seek strategic collaborations that provide us with funding, infrastructure and marketing resources to advance through development and commercialization.

Our Collaborations

We have established collaborations with pharmaceutical and biotechnology companies that have provided us with $48.7 million in payments through August 31, 2015. In addition to our wholly-owned antibody programs, we are developing antibody product candidates for immuno-oncology and inflammation targets through strategic collaborations. Our collaborations with TESARO and Celgene are described below:

TESARO Programs

Under our immuno-oncology collaboration with TESARO, we have granted exclusive rights to TESARO to develop and commercialize antibodies generated using our SHM-XEL platform consisting of the following antibody product candidates:

- *Anti-PD-1 Monospecific Antagonist Antibody (TSR-042)*: currently in preclinical development with an IND submission anticipated in the fourth quarter of 2015 and first-in-human dosing in early 2016;
- *Anti-TIM-3 Monospecific Antagonist Antibody*: currently in preclinical development;
- *Anti-LAG-3 Monospecific Antagonist Antibody*: currently in preclinical development;
- *Anti-PD-1/TIM-3 Bispecific Antagonist Antibody*: currently in lead selection process;
- *Anti-PD-1/LAG-3 Bispecific Antagonist Antibody*: currently in lead selection process; and
- *Undisclosed Bispecific Antagonist Antibody*: currently in lead selection process.

Celgene Programs

Under our collaboration with Celgene, we developed therapeutic antibodies against multiple targets. We granted Celgene the option to obtain worldwide commercial rights to antibodies generated against each of the targets under the agreement, which option was triggered on a target-by-target basis by our delivery of antibodies meeting certain pre-specified parameters pertaining to each target under collaboration. We successfully delivered antibodies against three targets. Celgene is currently advancing two anti-inflammatory antibody programs to the clinic.

Wholly-Owned Product Pipeline

Our most advanced, wholly-owned pipeline programs, ANB020 and ANB019, are described below:

ANB020: Anti-IL-33 Antibody

ANB020 is an antibody that inhibits the activity of IL-33 and is being developed to treat atopic diseases, including severe adult asthma and severe adult peanut allergy. Despite the key role of IL-33 in atopic diseases, it has been historically difficult for other antibody technologies to generate a functional anti-IL-33 therapeutic agent. We believe ANB020 is the most advanced antibody therapeutic candidate in development targeting the IL-33 cytokine. We anticipate filing an Australian CTN for ANB020 by the fourth quarter of 2015 and plan to commence a Phase 1 trial in Australia in early 2016.

IL-33 Target Biology

IL-33 is a pro-inflammatory cytokine that signals through the ST2 receptor, which multiple studies suggest serves as a central mediator of various immune responses leading to Th2-type inflammatory disorders, including asthma, food allergies, atopic dermatitis and other atopic diseases. In response to pathogens, viruses, toxins or

allergens, IL-33 is rapidly released from mucosal epithelial and endothelial cells. For example, a recent scientific study has indicated that individuals with asthma symptoms express higher levels of IL-33 than healthy control subjects. IL-33 initiates a diverse array of cellular immune responses, including the activation of mast cells, basophils and eosinophils, leading to production of downstream cytokines, such as IL-4, IL-5 and IL-13, associated with atopic diseases. IL-33 also acts on T helper 2, or Th2, effector cells and Innate Lymphoid Cell Type 2, or ILC2, two types of white blood cells that initiate and orchestrate atopic responses.

Because ANB020 inhibits IL-33 function and acts upstream of key cell types involved in atopy and the subsequent release of Th2 cytokines, we believe that its mechanism has advantages over that of competing therapeutic antibodies which block only a subset of IL-4, IL-5 or IL-13 cytokines.

Genetic studies support the importance of the IL-33 pathway in atopic diseases. These studies have demonstrated that certain ST2 mutations reduce IL-33 mediated signaling and thereby protect individuals with mutated ST2 from asthma. This supports the hypothesis that an anti-IL-33 antibody, such as ANB020, has the potential to benefit asthma patients.

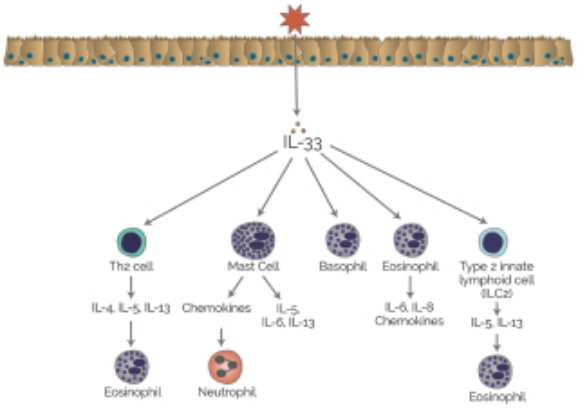


Figure 1. Types of cells and cytokines modulated by IL-33. When triggered by pathogens, toxins, viruses or allergens, IL-33 is an upstream mediator of Th2 cells, mast cells, basophils, eosinophils and ILC2 cells, which lead to the secretion of IL-4, IL-5, IL-13 and other chemokines.

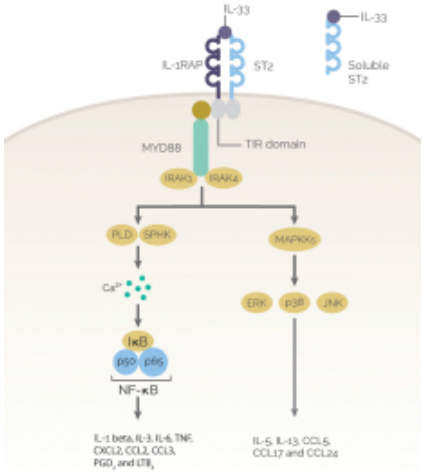


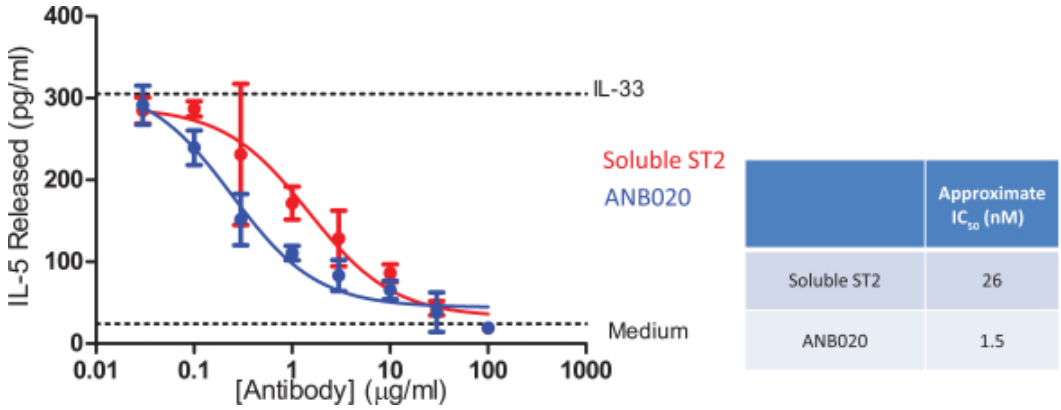
Figure 2. IL-33 intracellular signaling. IL-33 binds to ST2 that is expressed on the cell surface and triggers the activation of the IL-1 receptor accessory protein, or IL-1RAP, leading to the activation of MYD88, IRAK4 and downstream kinases and inducing cytokine release. Soluble ST2 acts as a decoy receptor, inhibiting IL-33 before it engages ST2 on the cell surface.

We believe that targeting IL-33 activity is a more promising therapeutic intervention strategy than targeting its receptor, ST2, because (i) ST2 is present in significantly larger quantities, in comparison to IL-33, which will likely require high anti-ST2 antibody dosing levels and (ii) soluble ST2 inhibits IL-33 function, therefore blocking ST2, and likely leading to the release of additional IL-33, thereby exacerbating atopic disease.

ANB020 Description

ANB020, which is potentially a first-in-class therapeutic antibody, is our wholly-owned anti-IL-33 antibody product candidate generated using our SHM-XEL technology platform.

Our preclinical studies have provided evidence of ANB020's favorable potency and functional activity in human and cynomolgus monkey *in vitro* assays. The high potency and functional activity of ANB020 for human and cynomolgus monkey IL-33 was measured using standard *in vitro* assays: equilibrium dissociation constant, or K_D, and half-maximal inhibitory concentration values, or IC_{50}. ANB020 demonstrated highly potent K_D values of approximately 1 pM and 37 pM for human and cynomolgus monkey IL-33, respectively. ANB020 inhibits secretion of IL-5 from primary basophils purified from peripheral blood of healthy subjects with an IC_{50} of approximately 1.5 nM, which is approximately 15-fold greater than that of the soluble ST2 antagonist, as shown in Figure 3 below. Lower K_D and IC_{50} values indicate higher potency and functional activity, respectively.



	Approximate IC_{50} (nM)
Soluble ST2	26
ANB020	1.5

Figure 3. Results from *in vitro* assay comparing effectiveness of ANB020 and soluble ST2 in inhibiting IL-5 release.

Using peripheral blood mononuclear cells, or PBMC, ANB020 inhibited human and cynomolgus monkey interferon-gamma release with an IC_{50} of approximately 1.1 nM and approximately 20.4 nM, respectively as shown in Figure 4 below. We have developed a whole blood version of the PBMC assay, which we plan to utilize to understand the pharmacodynamic activity of ANB020 in clinical trials.

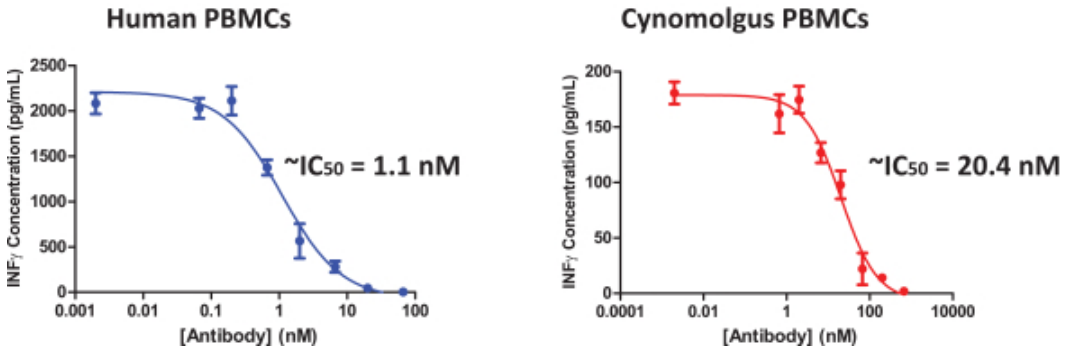


Figure 4. Activity read out of interferon-gamma release for PBMCs pretreated overnight with 100mg/ml IL-12, challenged with ten (human) or five (cynomolgus) nM IL-33 for 48 hours.

Our preclinical development has also demonstrated that ANB020 has favorable manufacturability, pharmacokinetics and toxicology to support development. Studies have demonstrated desirable manufacturing properties for ANB020, including robust expression from Chinese hamster ovary cells, or CHO cells, efficient purification using standard downstream techniques and stable formulation up to concentrations required for subcutaneous dosing in humans. ANB020 demonstrated a half-life of approximately seven days in cynomolgus monkeys, retained full functional activity when incubated in normal human serum at 37 °C for one week and proved to be fully active in cynomolgus monkey sera two weeks after dosing.

Clinical Development Plan

We plan to submit a CTN filing for ANB020 in the fourth quarter of 2015 to obtain approval for initial clinical testing of ANB020 in Australia. Conducting early clinical trials in Australia permits us to benefit from Australia's streamlined approval processes for the initiation of first-in-human studies. We subsequently plan to initiate a healthy volunteer Phase 1 trial, intended to assess, in single and multiple ascending doses, safety, tolerability and pharmacokinetic characteristics of ANB020. We will concurrently utilize a whole blood *ex vivo* assay to identify its pharmacodynamic activity range. These tests are also expected to take place in Australia, and following completion of these tests we plan to submit a U.S. IND and conduct further clinical trials in the United States.

Once pharmacodynamic activity has been established in healthy volunteers, we plan to test the clinical activity of ANB020 in atopic dermatitis patients challenged with an allergen, after dosing with ANB020 or a placebo.

After submitting a U.S. IND, we plan to test ANB020 in Phase 2 trials in patients with severe adult asthma and severe adult peanut allergy. Upon demonstrating proof-of-concept in Phase 2 trials, we intend to conduct Phase 3 registration trials for ANB020 in these indications. These later-stage trials may be conducted through collaboration with a leading pharmaceutical company with strong commercial infrastructure in respiratory and allergic therapeutic areas.

In addition, we are exploring the potential to develop ANB020 as a treatment for myeloproliferative neoplasms where the survival, expansion or transformation of pathogenic precursor cells may be dependent upon IL-33.

Figure 5 below describes our current anticipated clinical development strategy for ANB020 and our current estimate of the approximate timeframe in which our anticipated development activities will occur. However, as described in the section titled "Risk Factors" and elsewhere in this prospectus, the clinical development of drug product candidates is subject to a wide range of risks and uncertainties, any of which could cause our actual development strategy or timeframes to vary from the description in the figure below.

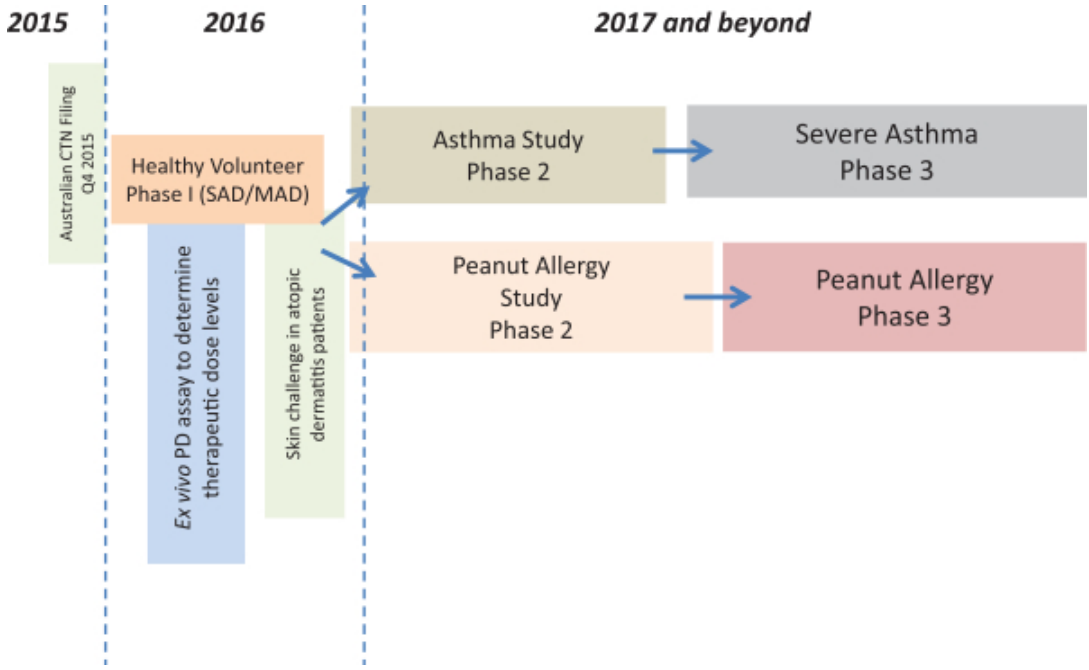


Figure 5. Anticipated ANB020 clinical development strategy.

As described above, we plan to pursue a clinical development strategy that involves conducting our initial clinical trials in Australia. We are pursuing this strategy in order to benefit from certain financial incentives that Australia makes available for biotechnology research and development and because we believe that Australia provides a streamlined approval processes for the initiation of first-in-human studies, which we believe will allow us to begin our Phase 1 clinical trials weeks, and possibly several months, sooner than if we pursued initiation of trials in the United States. In particular, the Australian CTN review process is conducted on a regional basis by a single committee, without the requirement for review by the national regulatory agency in Australia, the Therapeutic Goods Administration, or the TGA. In contrast, in the United States, the sponsor of a first-in-human clinical trial typically must engage in a series of steps that include submission of an IND to the FDA and waiting 30 days for FDA feedback, if any, and then separate submission of materials to a review board at the trial site. Although we expect the length of each Phase 1 clinical trial, once initiated, will be the same as it would be if the trials were conducted in the United States, we believe the streamlined approval processes for the initiation of our trials in Australia offers us a meaningful advantage.

In addition, we believe that clinical data generated in Australia will subsequently be accepted by the FDA and its foreign equivalents outside of Australia, and therefore may enable us to commence Phase 2 clinical trials in the United States immediately following submission of an IND, without any need for us to repeat our Phase 1 trials in the United States. As discussed below under "Government Regulation and Product Approval—Foreign Clinical Studies to Support an IND," we believe the FDA will generally accept data from well-designed, well-conducted foreign clinical trials that are conducted in accordance with good clinical practice, or GCP, where the FDA is able to validate data through onsite inspection, if the FDA deems such inspection necessary. We expect that our Phase 1

clinical trials for ANB020 will be well-designed and conducted in accordance with GCP and therefore believe that the data from the trials will be accepted by the FDA. However, the FDA and other foreign equivalents are not required to accept Phase 1 data generated in Australia. If they do not accept any such data, we would likely be required to conduct additional Phase 1 clinical trials.

ANB020 Market Opportunity

A significant portion of individuals in the U.S. population experiences at least one atopic disease during their lifetime, and it is well understood that most patients with one type of atopic condition tend to present with other allergic conditions. While we believe ANB020 may be effective across atopic diseases, we have prioritized our development efforts based on unmet medical need and potential market opportunity. We have chosen to focus our ANB020 program initially on two indications: severe adult asthma and severe adult peanut allergy.

Asthma. We estimate, based on our analysis of publicly available data sources and interviews with physicians and key opinion leaders in the field, that asthma affects approximately 7.7% of the adult U.S. population, or 19.0 million individuals, of which 19%, or 3.6 million individuals, have severe, persistent occurrence of this respiratory disease. As a chronic inflammatory disorder, severe asthma can lead to permanent structural damage to the airways and long-term reductions in lung function. Although many mild-to-moderate asthmatics respond well to currently available treatments, which include inhaled corticosteroids, or ICS, and long-acting beta agonists, or LABA, severe asthma in patients is generally not adequately controlled by such available therapies. We will initially focus on the treatment of severe asthma that, based on our analysis, includes 1.1 million adult patients whose disease is not sufficiently controlled through standard-of-care therapy. We have conducted primary market studies that estimate approximately 45% of these patients are candidates for biologic therapies, such as ANB020.

Existing biologic therapies include Xolair, which is approved for the treatment of moderate to severe persistent allergic asthma patients whose asthma symptoms are not controlled by ICS. Xolair's approved labeling carries a black box warning about the risk of anaphylaxis, a severe, potentially fatal, allergic reaction. Other emerging therapies currently in development, such as lebrikizumab, have yet to be approved by the FDA for treatment of asthma while a federal Advisory Committee has recently recommended that the FDA approve mepolizumab for add-on maintenance treatment in patients aged 18 years or older with severe eosinophilic asthma. Xolair is a difficult drug to prescribe due to complex dosing algorithms, frequent administration and risk of anaphylaxis, and we expect the indications for mepolizumab and lebrikizumab will be limited to subsets of the asthma market defined by biomarkers. We believe that ANB020 may have therapeutic benefit across a broad range of ICS-refractory severe adult asthma patients, and plan to utilize biomarkers during development to differentiate ANB020 relative to competitors.

Peanut Allergy. Peanuts are the most common cause of food-induced allergy in the United States. We estimate, based on our analysis of publicly available data sources and interviews with physicians and key opinion leaders in the field, that approximately 1.7 million adults in the United States have allergic responses to peanut. We estimate approximately 600,000 are treated by allergists and approximately 400,000 are at risk for severe reactions and therefore we believe are suitable for treatment with systemic biological therapies.

Existing therapies have failed to prevent the occurrence of severe reactions due to accidental peanut exposure, which often results in systemic anaphylaxis and can lead to death. Immunotherapy approaches, such as oral desensitization, currently being developed for this indication require patients to be dosed with increasing quantities of peanut antigens over time. If patients are able to overcome the toxicities of this allergen-based approach, therapeutic benefit may be observed after 12-24 months of oral or skin patch based delivery of peanut allergens. The long-term safety and efficacy of immunotherapy is still uncertain, and these desensitization treatments have not yet been approved by the FDA.

ANB020 has the potential to rapidly suppress severe adult peanut allergy through its cytokine targeting mechanism, which is allergen non-specific, allowing patients with multiple allergic responses to benefit from a

single therapy, and avoids tolerability issues by acting without allergen dosing. If approved, we anticipate that ANB020 could become the standard-of-care for the treatment of severe adult peanut allergy patients.

ANB019: Anti-IL-36R Antibody

Overview

ANB019 is an antibody that inhibits the function of IL-36R, which we are initially developing as a potential first-in-class therapy for GPP patients. GPP is a life-threatening, rare systemic inflammatory disorder reported to affect approximately 3,000 patients in the United States alone, with no currently approved therapies. Studies have shown that GPP is associated with mutations in the gene encoding the IL-36R antagonist, or IL-36RA, that lead to abnormally high signaling through the IL-36R and thereby cause the systemic inflammatory condition, GPP. We believe ANB019 is the most advanced antibody targeting the IL-36R in development.

We anticipate filing an Australian CTN for ANB019 during the second half of 2016 and initiating a Phase 1 trial in Australia during the second half of 2016. We also plan to develop ANB019 for other IL-36R driven inflammatory conditions, including PPP, which is reported to affect approximately 150,000 patients in the United States. We plan to seek FDA Orphan Drug Designation for ANB019 for the treatment of GPP and PPP, which we believe may be differentiated from the non-rare plaque psoriasis, or psoriasis vulgaris, based upon distinctive genetic and translational features unique to GPP and/or PPP.

IL-36R Target Biology

The IL-36 subfamily of proteins consists of the IL-36 receptor antagonist, or IL-36RA, as well as IL-36 alpha, IL-36 beta and IL-36 gamma, all of which have agonistic characteristics and signal through IL-36R. These IL-36 proteins are mainly expressed in keratinocytes, the predominant cell type in the epidermis. The role of the IL-36RA is to dampen the inflammatory effects of IL-36 alpha, IL-36 beta and IL-36 gamma.

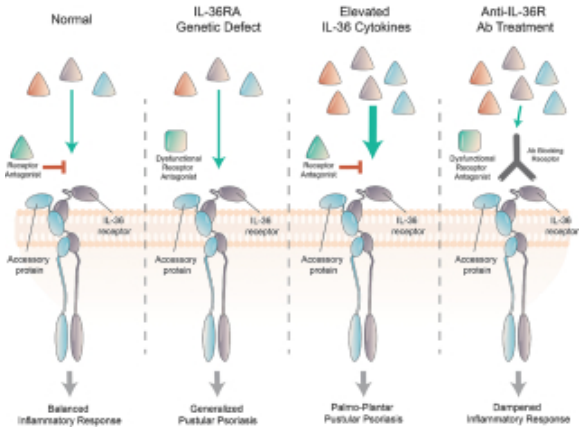


Figure 6. IL-36 Receptor Signaling. Signaling is maintained in balance by the receptor antagonist. Mutations render the receptor antagonist dysfunctional and lead to uncontrolled signaling causing GPP. PPP is caused by excess cytokine signaling that overcomes a normal receptor antagonist.

Studies have demonstrated the relevance of IL-36 in regulating inflammation in the skin. Mice over-expressing the IL-36 alpha cytokine undergo a psoriasis-like condition when challenged with an inflammatory stimulus. Additionally, immuno-deficient mice transplanted with human psoriatic skin have been shown to require the IL-36R signaling to maintain disease.

Recent human studies have demonstrated that mutations in the IL-36RA lead to the occurrence of GPP by rendering it non-functional and unable to dampen IL-36R signaling. These findings support our hypothesis that IL-36 signaling plays a significant role in GPP.

We believe that ANB019 has the potential to be the first-in-class therapeutic antibody targeting IL-36R, serving as a therapeutic opportunity for patients with IL-36 signaling mediated inflammatory disease, including GPP.

ANB019 Description

ANB019 was generated using our SHM-XEL technology platform and has demonstrated high functional potency in blocking human and cynomolgus monkey IL-36 signaling in preclinical studies.

ANB019 blocks signal transduction through the human IL-36R and cynomolgus monkey IL-36R by inhibiting the interaction between the receptor and IL-36 alpha, IL-36 beta, and IL-36 gamma cytokines. The high potency and functional activity of ANB019 for human and cynomolgus monkey IL-36R was measured using standard *in vitro* assays to determine K_D, and IC_{50} values. ANB019 has demonstrated potent K_D values of approximately of 71 pM and 209 pM for human IL-36R and cynomolgus monkey IL-36R, respectively. The antibody exhibits high specificity for IL-36R, displaying no detectable binding to related proteins. As shown in Figure 7 below, functional potency of ANB019 is at least 100-fold greater than IL-36RA in both human and cynomolgus systems, which is measured as the IC_{50} of inhibition of interleukin-8, or IL-8, release from human and cynomolgus keratinocytes. ANB019 functional activity has been demonstrated through inhibition of IL-8 secretion from human and cynomolgus primary keratinocytes when stimulated by IL-36 gamma of approximately 0.15 nM and 1.2 nM, respectively. Lower K_D and IC_{50} values indicate higher potency and functional activity, respectively. Similar IC_{50} values were observed in those same preclinical studies when keratinocytes were stimulated with IL-36 alpha or beta.

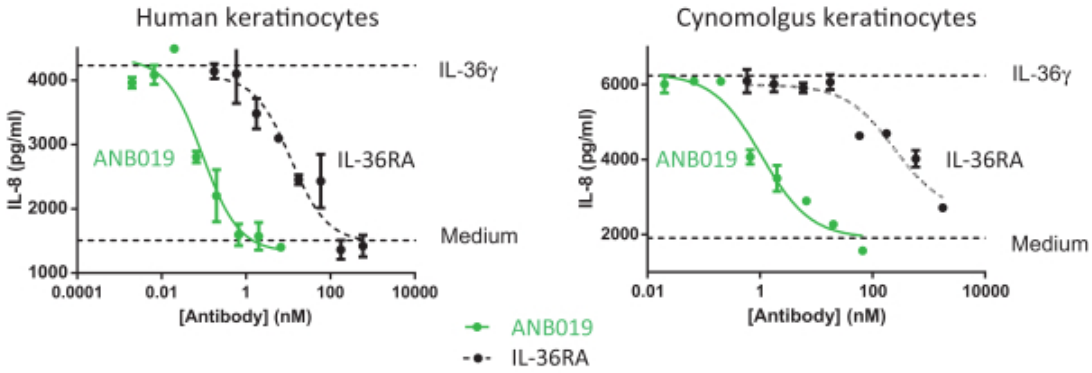


Figure 7. ANB019 demonstrated functional inhibition in our preclinical studies and inhibited functional activity of IL-36 cytokines with at least 100-fold greater potency than IL-36RA.

We have initiated manufacturing, pharmacokinetic and safety studies with ANB019, and plan to initiate clinical development during the second half of 2016. To date, we have demonstrated that the half-life of ANB019 in cynomolgus monkeys is more than nine days. ANB019 is well-expressed from CHO mammalian cells and is readily purified using standard methodologies. In addition, the antibody retained full functional activity when incubated in normal human serum at 37 °C for one week.

Clinical Development Plan

We plan to initiate clinical development of ANB019 in Australia with a healthy volunteer, Phase 1 dose escalation trial involving single and multiple ascending dose protocols, while also utilizing *ex vivo* assays to determine the antibody's pharmacodynamic activity range. Following completion of this initial Phase 1 trial, we plan to submit a U.S. IND and conduct further clinical testing in the United States.

Our initial clinical testing of ANB019 will focus primarily on GPP patients. We currently plan to conduct a registration program in the United States with ANB019 in GPP patients who have mutations that render their IL-36RA

dysfunctional, starting with an initial signal study with five to ten patients. Based on the therapeutic effect we anticipate ANB019 will have in the treatment of patients with GPP who have the relevant genetic defect, we believe a small trial, potentially with fewer than 100 patients, may be sufficient to demonstrate substantial evidence of efficacy and safety. We intend to obtain input from FDA on clinical trial design before conducting a pivotal clinical trial in patients with GPP.

Once the aforementioned GPP registration study has been initiated, we intend to develop ANB019 for PPP. We anticipate a dose-ranging placebo-controlled Phase 2 trial for PPP with United States and foreign testing sites, followed by one or more Phase 3 pivotal registration trials. If we use a diagnostic test to select patients for inclusion in our registration program, such as a genetic test for IL-36RA mutations, the FDA may require that the companion diagnostic be approved or cleared for use at the time the product receives marketing approval.

Human studies have shown that IL-36 cytokines are highly upregulated in psoriasis vulgaris, in conjunction with some upregulation of other inflammatory cytokines such as TNF-alpha, IL-17A, IL-6 and IL-12. Therefore, we may, as part of our initial clinical testing of ANB019, conduct a proof-of-mechanism clinical trial with psoriasis vulgaris patients who are not currently on any biological therapies. In addition, we may also consider clinical development of ANB019 for patients with psoriasis vulgaris that have failed treatment with the current standard of care, including Stelara (ustekinumab) and Cosentyx (secukinumab).

Figure 8 below describes our current anticipated clinical development strategy for ANB019 and our current estimate of the approximate timeframe in which our anticipated development activities will occur. However, as described in the section titled “Risk Factors” and elsewhere in this prospectus, the clinical development of drug product candidates is subject to a wide range of risks and uncertainties, any of which could cause our actual development strategy or timeframes to vary from the description in the figure below.

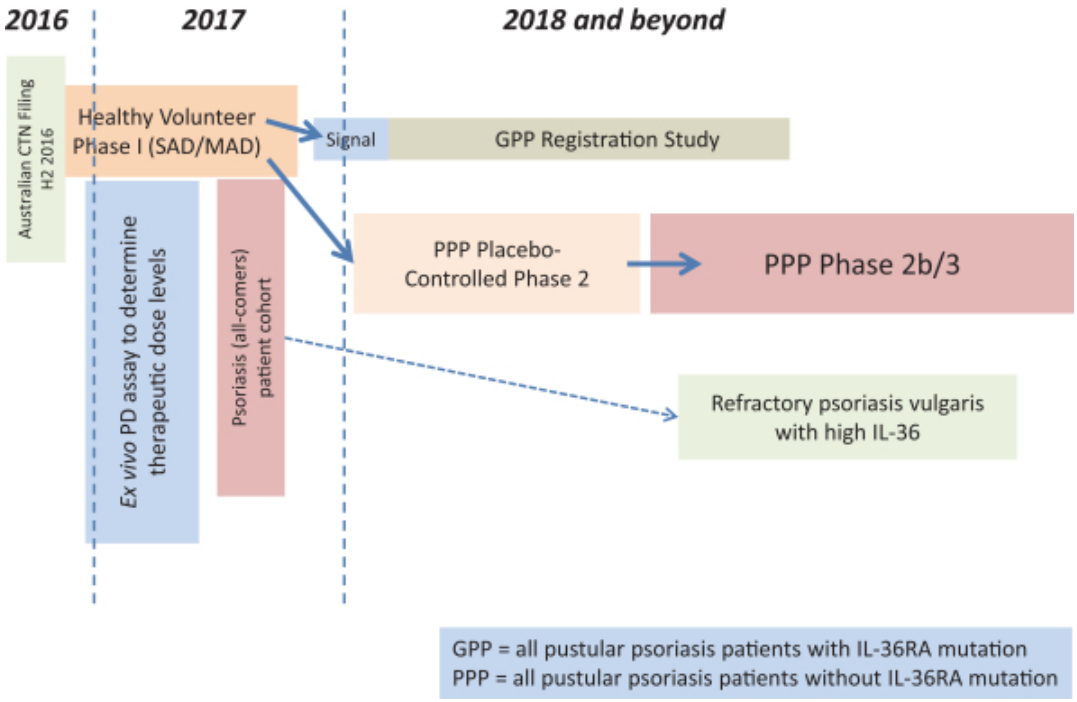


Figure 8. Anticipated ANB019 clinical development strategy.

As described above, we plan to pursue a clinical development strategy that involves conducting our initial clinical trials in Australia. We are pursuing this strategy in order to benefit from certain financial incentives that Australia makes available for biotechnology research and development and because we believe that Australia provides streamlined approval processes for the initiation of first-in-human studies, which we believe will allow us to begin our Phase 1 clinical trials weeks, and possibly several months, sooner than if we pursued initiation of trials in the United States. In particular, the Australian CTN review process is conducted on a regional basis by a single committee, without the requirement for review by the TGA. In contrast, in the United States, the sponsor of a first-in-human clinical trial typically must engage in a series of steps that include submission of an IND to the FDA and waiting 30 days for FDA feedback, if any, and then separate submission of materials to a review board at the trial site. Although we expect the length of each Phase 1 clinical trial, once initiated, will be the same as it would be if the trials were conducted in the United States, we believe the streamlined approval processes for the initiation of our trials in Australia offers us a meaningful advantage.

In addition, we believe that clinical data generated in Australia will subsequently be accepted by the FDA and its foreign equivalents outside of Australia, and therefore may enable us to commence Phase 2 and possibly registration clinical trials in the United States immediately following submission of an IND, without any need for us to repeat our Phase 1 trials in the United States. As discussed below under "Government Regulation and Product Approval—Foreign Clinical Studies to Support an IND," we believe the FDA will generally accept data from well-designed, well-conducted foreign clinical trials that are conducted in accordance with GCP where the FDA is able to validate data through onsite inspection, if the FDA deems such inspection necessary. We expect that our Phase 1 clinical trials for ANB019 will be well-designed and conducted in accordance with GCP and therefore believe that the data from the trials will be accepted by the FDA. However, the FDA and other foreign equivalents are not required to accept Phase 1 data generated in Australia. If they do not accept any such data, we would likely be required to conduct additional Phase 1 clinical trials.

ANB019 Market Opportunity

IL-36R cytokine dysfunction is implicated in multiple inflammatory disorders including GPP, PPP, and potentially in severe, refractory cases of psoriasis vulgaris.

Generalized Pustular Psoraisis. GPP is a chronic, life-threatening, rare disease with no currently approved therapies. GPP is a systemic inflammatory disease characterized by the development of widespread pustules marked by idiopathic exacerbations. In severe cases, GPP patients can die from cardio-pulmonary failure, exhaustion, toxicity and/or infection subsequent to occurrences of pustular flares. Patients with GPP suffer without robust therapeutic options because currently approved psoriasis management therapies have not demonstrated clear efficacy in the treatment of this condition.

Through assessment of public literature and primary key opinion leader discussions, we estimate GPP affects approximately 3,000 individuals in the United States. We have conducted, and will continue to conduct, genotyping studies to identify GPP patients for potential enrollment in our upcoming clinical trials in this indication. Given the limited size of this patient population in the United States, we plan to seek Orphan Drug Designation from the FDA for ANB019 for the treatment of GPP. The FDA may grant Orphan Drug Designation to a product intended to treat a rare disease or condition—generally one that affects fewer than 200,000 individuals in the United States. If we obtain Orphan Drug Designation for ANB019 for the treatment of GPP and subsequently are the first BLA applicant to receive FDA approval for a product containing the same active molecular structure as ANB019, ANB019 would be entitled to a seven-year exclusive marketing period in the United States for the treatment of GPP. Although the GPP patient population is small, we believe there is an unmet medical need that ANB019 may be able to address.

Palmo-plantar Pustular Psoriasis. PPP is a non-fatal form of pustular psoriasis that we estimate affects approximately 2% of total psoriasis cases, approximately 150,000 patients in the United States alone. Patients experience a chronic occurrence of sterile pustules on their hands and feet, while systemic levels of IL-36 cytokines and other inflammatory disease biomarkers are also elevated. Patients with severe symptoms may have

significant pain and be unable to stand, walk or do manual work, resulting in greatly diminished quality of life. Existing anti-inflammatory therapeutic options to our knowledge have not proven to be consistently effective in treating PPP. As we believe the PPP patient population to be less than 200,000 individuals in the United States, we plan to seek Orphan Drug Designation from the FDA for ANB019 in this indication as well.

Refractory Psoriasis Vulgaris. Refractory psoriasis vulgaris is another potential market opportunity for the development of ANB019. While the approved biologics that target these three cytokine pathways, including Stelara (ustekinumab) and Cosentyx (secukinumab), are effective for the majority of psoriasis vulgaris patients, a subset of the population is refractory to approved biologics. For purposes of developing an estimate, we have defined the refractory population as the subset of the patient population that does not have at least a 75% response to the leading approved therapy, which is Cosentyx. Based on this definition and our analysis publicly-available information and literature, we estimate that approximately 5% of the patient population, representing approximately 375,000 patients, is refractory to the leading approved therapy for psoriasis vulgaris. We hypothesize that IL-36 cytokine function is the key inflammatory driver in such refractory patients, and therefore these patients may benefit from ANB019.

Discovery-Stage Programs

Our strategy includes the discovery and development of therapeutic antibodies targeting emerging opportunities in inflammation and immuno-oncology. In addition to the programs described above, we are currently developing wholly-owned (i) anti-inflammatory antibodies that agonize checkpoint receptors to suppress T cell function and (ii) potentially first-in-class immuno-oncology antibodies against checkpoint receptors that are primarily expressed in distal stages of T cell activation. Each of these programs is in lead selection stages and we anticipate moving at least one new product to IND-enabling manufacturing and preclinical studies during 2016.

Our SHM-XEL Antibody Discovery Platform

Antibody Overview

Antibodies are complex proteins naturally generated by the immune system to neutralize foreign pathogens such as bacteria or viruses. B cells, a white blood cell type responsible for the generation of antibodies in response to pathogens, secrete billions of antibodies with different specificities into the bloodstream. Antibodies are structurally distinct Y-shaped proteins formed through the combination of two long proteins, called heavy chains, and two short proteins, called light chains. Each heavy and light chain pair forms a binding site where the antibody specifically binds its target, otherwise known as an antigen, at the Fab domain of the antibody molecule. The specificity of each antibody to a target, and the potency of its binding strength to that target are defined by the amino acid sequences of heavy and light chains in the Fab domain of the antibody molecule. The other end of the antibody, called the Fc domain, is responsible for communication between the antibody and the rest of the immune system. Fc domains bind to various receptors and cause immune system effector responses.

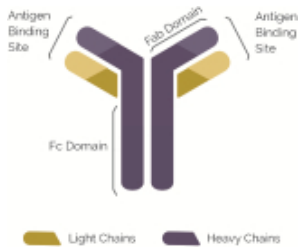


Figure 9. Antibody structure. Antibodies are composed of two heavy and light chains paired into a Y-shaped formation. Antigen binding occurs at the antigen binding site, formed by the heavy and light chain Fab domains, while the Fc domain of the heavy chains form the effector end of the antibody.

Therapeutic antibodies are typically non-naturally occurring, or recombinant, antibodies specifically developed to treat human diseases by binding to certain proteins, and thereby modulating key biological processes. Therapeutic antibodies are injectable products that are typically dosed subcutaneously or intravenously, unlike synthetic chemistry-based "small molecule" therapeutics that may also be administered orally. Therapeutic antibodies have the following key features that we believe make them more predictable than small molecules:

- **Target Specificity.** Due to the large size and complex nature of the antibody Fab domain, antibodies generally bind with high specificity to the desired therapeutic target and tend to exhibit less off-target binding to unrelated proteins, which lowers the risk of unintended biological side effects such as toxicity.
- **Pharmacokinetics and Dosing Frequency**. As complex proteins, antibodies are metabolized and distributed differently than small molecules. Full length antibodies tend to exhibit serum half-lives of seven to 24 days in humans, leading to bi-weekly or monthly dosing as typical practice for therapeutic antibodies.
- **Potency and Dose Quantities.** Antibodies are typically highly potent in binding to their desired target, with binding dissociation constants in the low nanomolar to picomolar range. Hence, antibodies tend to be dosed at low amounts (less than 1 gram quantities per course of therapy).

We believe that therapeutic antibodies can be significantly de-risked pre-clinically for specificity, toxicology and pharmacokinetics, which is not generally true for small molecule drugs.

Since the first therapeutic antibody was approved by the FDA in 1986, the pharmaceutical industry has sought opportunities to leverage antibodies as therapeutic agents to treat human disease. Global sales of therapeutic antibodies have reached over $40 billion annually and are predicted to remain a fast-growing segment of the therapeutic market.

Limitations of Competing Antibody Technologies

Despite the promise of antibodies as a therapeutic modality, historically it has been difficult and time-consuming to generate therapeutic-grade antibodies utilizing competing antibody discovery technologies. Such technologies have relied primarily on mouse immunization methodologies (such as wild-type or engineered mice), microbial antibody display libraries (such as phage or yeast cell display) or human B cell screening to generate antibodies against therapeutic targets of interest. We believe the key limitations of these competitive approaches include:

- **Insufficient Diversity**. Each of the prior technologies has limited, and often static, diversity of antibodies available for selection. The number of therapeutic targets that can be addressed by the available antibodies is therefore limited. It is particularly difficult for mouse immunization approaches to identify therapeutics against conserved proteins that are homologous between human and mouse species;
- **Lack of Functional Activity Selection.** Competing technologies have not been able to drive antibody selection on the basis of functional activity. Even if antibodies are available against a certain target, they may not bind the correct region or epitope of the protein to achieve the intended functional therapeutic effects;
- **Low Potency.** Antibodies from competing technologies tend to demonstrate low binding potencies against their targets. Such incomplete binding may not result in therapeutic effect that is sufficient to change disease outcomes, or require impractically high doses to convey therapeutic benefit; and
- **Unpredictable Manufacturing Properties.** Using microbial display systems such as phage and yeast display libraries has resulted in unpredictable expression, stability and formulation when manufacturing is initiated using mammalian cells, thus leading to poor production yields and product stability.

Mouse immunization methodologies. Mouse immunization methodologies involve the administration of human target antigen to mice with wild-type or engineered immune systems, with the assumption that their immune systems will generate antibodies with sufficient potency against the desired human antigen epitope to convey biological effect. A key limitation of this approach is that when the mouse is dosed with an antigen that is similar in the human and mouse, the antigen is seen by the mouse immune system as one of its own proteins, and very few, if any, antibodies are generated. In addition, the mouse immune system often generates mouse antibodies to epitopes that are not therapeutically relevant to humans, leading the resulting antibodies to bind the human target but failing to convey therapeutic effect.

Microbial antibody display systems. Microbial antibody display systems require screening of antibodies, typically formatted as antibody fragments, from a static library diversity displayed on a bacterial or yeast microbial cell surface. The static nature of these libraries limits the range of antibody specificities to 10^9 or 10^{10} range, which is generally insufficient to avail high-affinity antibodies against many antigens. This can lead to suboptimal potency, and subsequently require phage/yeast antibodies to be matured significantly, typically with random mutagenesis, to obtain therapeutic level potencies, which is a labor-intensive and inefficient process. In addition, antibodies selected using this approach are expressed through the microbial cell expression machinery, which differs significantly in terms of manufacturability (expression level, glycosylation, formulation and stability) from mammalian cell expression typically utilized for clinical and commercial manufacturing of therapeutic antibodies. Such differences typically lead to difficulties in mammalian cell manufacturing of microbial display-derived antibodies.

Human B cell screening methodologies. Human B cell screening methodologies involve the screening and isolation of antibodies from peripheral human blood against therapeutic antigens of interest. The key limitation of this approach is that circulating human B cells generally do not develop antibodies against endogenous proteins because their function is to develop humoral immunity against foreign pathogens, such as bacteria and viruses. Therefore, it is challenging to obtain therapeutic antibodies against human antigens through this approach.

Our Technology Solution

Our innovative platform is designed to replicate the natural process of SHM embedded within the human immune system to rapidly develop a diverse range of therapeutic-grade antibodies *in vitro*. SHM is a critical, endogenous process that generates the essential antibody diversity required to develop a natural immune response to pathogens. Our genomes encode a limited number of antibody genes, which are insufficient to generate antibodies against the wide variety of foreign pathogens encountered from the external environment. SHM enables our immune system to expand the limited diversity encoded within our genomes to the billions of antibody specificities required to defend ourselves against external pathogens.

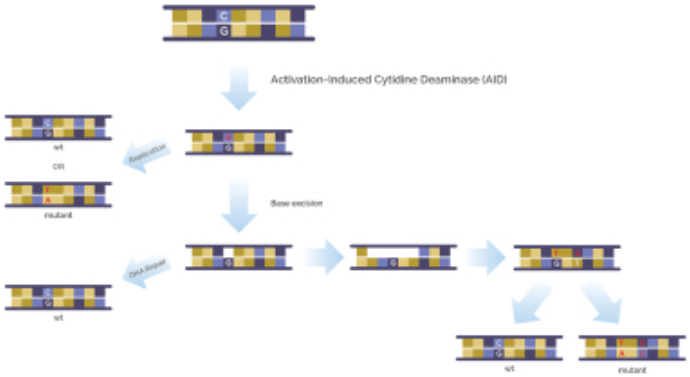


Figure 10. Mechanism of SHM. SHM is initiated by the Activation-Induced Cytidine Deaminase, or AID, which converts cytidine to uracil at key positions, resulting in subsequent replication, DNA repair and base excision processes that generate either wild-type (wt) or mutant DNA molecules.

The key enzyme required for SHM is called activation-induced cytidine deaminase, or AID. AID has been genetically conserved throughout mammalian biology and is required for the non-random mutagenesis pattern associated with SHM. AID is specifically expressed by B cells after contact with a foreign pathogen and modifies antibody sequences in a non-random fashion. Through SHM, B cells evolve antibodies with the potency and specificity required to clear the foreign pathogen. However, within the *in vivo* environment, SHM does not generally progress to the creation of high potency antibodies or develop antibodies against the body's own proteins.

By coupling *in vitro* SHM with our mammalian cell system that simultaneously displays and secretes antibodies, we believe SHM-XEL is able to rapidly identify and mature antibodies with desired functional activity to high potency while simultaneously mitigating the risks associated with manufacturing. We introduce AID into mammalian cells to replicate the non-random mutagenesis SHM pattern observed within B cells *in vivo*. Starting with a library of either fully-human or humanized antibodies, our platform generates AID-based variants of the starting antibody library throughout the process. We have demonstrated that the pattern of mutagenesis we observe *in vitro* using our platform technology closely mimics the pattern observed among *in vivo* generated antibodies, thereby increasing confidence that antibodies generated by our platform will be tolerated when used as therapeutic drugs in humans.

By selecting antibodies based on their antigen binding from the broad antibody library population SHM-XEL develops, we are able to evolve in an iterative fashion the binding potency and function of antibodies to levels that we believe will be required for therapeutic use. We believe this approach allows us to rapidly generate antibodies with high binding potency against a target. Through this approach, we have successfully generated therapeutic antibody product candidates to more than 25 targets, including targets that have been challenging for competing antibody technology platforms to generate such as IL-33 and TIM-3.

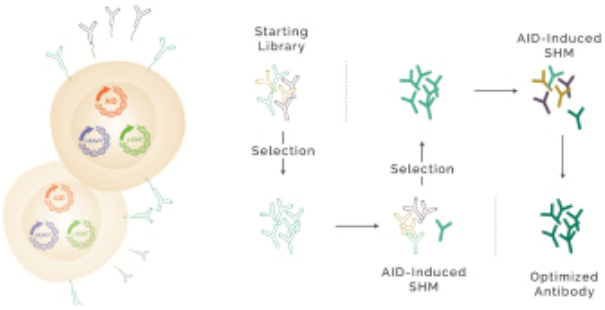


Figure 11. SHM-XEL Antibody Generation Process. Our platform initiates antibody selection from starting libraries of human and non-human diversity, which is further optimized through iterative rounds of SHM and selection.

Each evolving antibody is expressed within the SHM-active mammalian cell to concurrently (i) display the evolved antibody on the cell surface to permit cell sorting selection for potency properties while (ii) the same antibody is secreted into the extracellular media at sufficient quantities to permit functional assays to be conducted. In this manner, the evolving antibodies expressed by each transfected cell are assessed in a high-throughput fashion for the desired functional activity relevant to the therapeutic mechanism.

We believe our antibody discovery platform, as described above, has the following advantages over competing approaches:

- **Diversity against difficult targets.** We are able to generate an unprecedented diversity of antibodies by applying SHM-based diversification outside of the constraints of an *in vivo* environment. This enables us to develop antibodies against human targets that we believe have not otherwise been accessible to prior technologies.

- **High potency.** Because our platform generates highly-potent antibodies, we are potentially able to modulate every extracellular target associated with human disease, and believe only small therapeutic doses may be required to mediate therapeutic effect *in vivo*.
- **Functional activity selection.** Our mammalian cell system simultaneously displays and secretes antibodies during the antibody discovery process, allowing us to incorporate functional assays throughout the process and focus on producing product candidates that are optimized for the desired therapeutic activity.
- **Speed.** Our platform technology enables us to generate therapeutic-grade antibodies and initiate subsequent preclinical manufacturing and toxicology studies, typically in less than 12 months. We believe this timeline is significantly shorter than conventional approaches based upon mouse immunization and microbial display systems.
- **Manufacturability.** By utilizing our mammalian cell display system, we believe our approach increases the probability of success in manufacturing and commercialization by mitigating the risks associated with antibody expression, formulation and stability during the antibody generation process.
- **Bispecific antibodies.** A bispecific antibody is a single therapeutic molecule designed to bind two different targets. Bispecific antibodies have the advantage of combining two therapeutic mechanisms with the goal of increasing therapeutic efficacy, in comparison to monospecific antibodies that bind either of the targets individually. We believe our competitors' bispecific strategies generally rely on proteins with non-natural formats, resulting in unpredictable pharmacokinetics and manufacturing properties. Our strategy is to develop bispecific antibodies that are composed of two different heavy chains with a common shared light chain that resemble the natural antibody structure and exhibit the desired functional activity to each target. Utilizing our proprietary SHM-XEL platform, we are able to generate a large diversity of heavy and light chain varieties against each therapeutic target, and then co-mature a common light chain in the context of two different heavy chains, which permits us to identify bispecific antibodies with sufficient potency against each of the two targets that we believe will provide greater therapeutic benefit.

Collaborations

TESARO

In March 2014, we entered into a collaboration and exclusive license agreement with TESARO. We executed an amendment in November 2014 to add an additional dual-reactive antibody product candidate. Under the terms of the amended agreement, we granted TESARO an exclusive, royalty-bearing, sublicensable worldwide license to research, develop, manufacture, market and sell products based on our proprietary technology for the discovery, generation and optimization of certain specified immunotherapy antibodies. Specifically, we granted TESARO exclusive rights to three monospecific antibody product candidates targeting TIM-3, LAG-3 and PD-1 (TSR-042) and three bispecific antibody product candidates targeting PD-1/TIM-3, PD-1/LAG-3 and an undisclosed target. Under the amended agreement, we are responsible for performing initial discovery and development of therapeutic antibodies with the goal of generating immunotherapy antibodies for use in the treatment of cancer. TESARO is responsible for all subsequent preclinical, clinical, regulatory, manufacturing and other activities necessary to develop and commercialize antibodies selected under each of six development programs, and TESARO is obligated to use commercially reasonable efforts to research, develop and commercialize at least one product to each of the four targets. During the term, other than under the collaboration, both TESARO and we are prohibited from developing and commercializing, independently or with a third party, any agents targeting LAG-3, PD-1 or TIM-3, as single agents or in combination with other therapies.

Under the terms of this agreement, TESARO made up-front, non-creditable and non-refundable cash payments aggregating $19.0 million to us during 2014. TESARO is also required to reimburse us on a quarterly

basis for specified costs incurred by us in our initial discovery and development activities covered by the agreement. For products to each of the four targets, TESARO is required to make milestone payments to us of up to $18.0 million if certain research and development milestone events are achieved, and up to an additional $90.0 million of milestone payments if certain U.S. and non-U.S. regulatory submissions and approvals occur in initial and subsequent indications. TESARO will also be required to pay us tiered single-digit royalties, on a product-by-product basis, on worldwide annual net sales, and additional commercial milestone payments if specified levels of annual net sales of a product are attained.

This agreement expires when no further payments are due to us, unless earlier terminated. Either party may terminate the agreement in the event of an uncured material breach by the other party. TESARO may terminate the agreement at any time upon 90 days' prior written notice to us.

Celgene

In December 2011, we entered into a collaboration agreement with Celgene, or the Collaboration Agreement, to develop human therapeutic antibodies against multiple biological targets. We completed our responsibilities under the terms of the agreement to generate antibodies against various mutually agreed biological targets. On a target-by-target basis, we provided Celgene an option to obtain rights to develop and commercialize a defined number of antibodies against each target. We were successful in generating antibodies against multiple targets and Celgene has exercised its option with respect to antibodies against three targets. Celgene is currently advancing two anti-flammatory antibodies to the clinic.

Upon execution of the Collaboration Agreement in 2011, Celgene paid us a one-time, non-refundable, non-creditable initial fee of $6.0 million. Celgene has reimbursed us for specified research costs in accordance with the research plans. Celgene is also obligated, on a project-by-project basis, to pay us up to a total of an additional $18.0 million if certain research and development milestone events are achieved under such project and up to a total of an additional $35.0 million if certain regulatory milestone events are achieved under such project. Celgene will also be required to pay us single digit royalties on net sales of products containing the delivered antibodies on a product-by-product and country-by-country basis until the later of the expiration of the last patent right that covers manufacture, use or sale of such product in such country, and in any case at least ten years after the first commercial sale of the product in such country.

The Collaboration Agreement continues until our royalty rights on any Celgene product resulting from the collaboration expire, which period will last at least ten years after any such product first goes to market. Either we or Celgene may terminate the agreement in the event of an uncured material breach by the other party. Celgene may also terminate the agreement at any time prior to the delivery of any of the contemplated antibodies upon 90 days' prior written notice to us.

In-Licensing Agreements

License Agreement with MRC

In 2006, we entered into an exclusive worldwide license agreement with the Medical Research Council, or MRC, to obtain rights to multiple patents and patent applications relating to fundamental discoveries with respect to SHM and AID by Dr. Michael Neuberger and his colleagues. We since amended this license agreement to include additional subject matter. Under the terms of the agreement, or the MRC Agreement, we obtained an exclusive, worldwide, sublicensable license under specified patent rights to manufacture, use, sell and commercialize products and methods covered by such patents for all fields of use. We are responsible for prosecution of the licensed patents and the development of therapeutic products covered by the intellectual property. We are obligated to research and develop licensed methods and licensed products for the purpose of commercializing such methods and products at least as diligently as we research and develop our other products of similar market potential and stages of development.

We are responsible for paying MRC an annual fee of $55,000. Additionally, for each product developed and commercialized under the MRC Agreement, we are obligated to pay MRC up to an additional $175,000 upon the achievement of specified development milestone events and up to an additional $275,000 upon the achievement of specified regulatory milestone events. In addition we owe MRC royalties at 0.25% of net sales for worldwide sales on a product-by-product at or below $750 million and 1% of net sales of products worldwide above $1 billion, payable on a country-by-country basis until the expiration of the last licensed patent covering such product in such country. Under this license agreement, we have filed 41 patent applications and have obtained issuance of 16 patents worldwide.

Unless earlier terminated, the MRC Agreement will expire upon expiration of all royalty payment obligations under the MRC Agreement. Either party may terminate the MRC Agreement in the event of an uncured material breach by the other party or upon the occurrence of specified bankruptcy events for the other party. We may terminate the MRC Agreement upon 60 days' notice to MRC.

License Agreement with Millipore

In May 2009, we signed a non-exclusive research and commercial license agreement with Millipore Corporation, or Millipore, to obtain a non-exclusive license to patents and patent applications directed to the ubiquitous chromatin opening elements technology for the expression of proteins, particularly antibodies, generated by us, which license may be sublicensed to our contractors and partners. Under the terms of the agreement, or the Millipore Agreement. we are obligated to pay Millipore $87,500 in annual license fees. Additionally, for each product developed and commercialized under the Millipore Agreement, we are obligated to pay Millipore up to an additional $75,000 upon the achievement of specified development milestone events and up to an additional $4.4 million upon the achievement of specified commercial milestone events. We do not owe Millipore any royalties on net sales of products commercialized under the Millipore Agreement.

Unless affirmatively terminated by one of the parties, the Millipore Agreement will continue in effect. Either party may terminate the Millipore Agreement in the event of an uncured material breach by the other party. We may terminate the Millipore Agreement upon 90 days' notice to Millipore.

Australian Operations

In March 2015, we established a wholly-owned Australian subsidiary called AnaptysBio Pty. Ltd, in order to conduct various preclinical and clinical activities for ANB020 and ANB019. We believe our Australian subsidiary will be eligible for certain financial incentives made available by the Australian government for biotech research and development expenses. Specifically, Australia provides a refundable tax credit in the form of a cash rebate equal to 43.5% of qualified expenditures on biotech research and development projects to Australian companies that operate the majority of their research and development activities associated with such projects in Australia. A wholly-owned Australian subsidiary of a non-Australian parent company is eligible to receive the refundable tax credit, provided that the Australian subsidiary retains the rights to the data and intellectual property generated in Australia, and provided that the total revenues of the parent company and its consolidated subsidiaries during the period for which the refundable tax credit is claimed are less than $20.0 million Australian dollars. For the preclinical and clinical activities currently planned in Australia, we anticipate receiving between $1.0 million and $2.0 million in Australian refundable tax credits over the next 24 months, assuming our revenues do not exceed $20.0 million Australian dollars in any annual tax period and we comply with the other requirements described above.

In addition, by establishing operations in Australia, we are able to access an established network of manufacturing and clinical development support contractors located in Australia and benefit from Australia's streamlined approval processes for the initiation of first-in human studies. We do not have any employees with experience advancing product candidates through the Australian regulatory review process. However, we have engaged Australian consultants with expertise in the regulatory requirements and clinical development of therapeutic products in Australia, and we plan to work with established manufacturing and clinical development support contractors located in Australia, who are also familiar with Australian regulatory and product development processes.

Intellectual Property

Our intellectual property is critical to our business and we strive to protect it, including by obtaining and maintaining patent protection in the United States and internationally for our technology platform, product candidates, novel biological discoveries, epitopes, new therapeutic approaches and potential indications, and other inventions that are important to our business. In total, our current patent portfolio, including patents to our technology platform licensed from MRC, consists of 28 issued patents and 32 pending patent applications as of June 30, 2015.

For our product candidates, generally we initially pursue patent protection covering compositions of matter, antibody sequence diversity, epitopes, functional activity and methods of use. Throughout the development of our product candidates, we seek to identify additional means of obtaining patent protection that would potentially enhance commercial success, including through additional methods of use and biomarker and companion diagnostic related claims.

The patent portfolios for our two internal programs and platform technology are outlined below:

ANB020

As of June 30, 2015, we own one international patent application, filed under the Patent Cooperation Treaty, or PCT, which is directed to the antibody sequence of ANB020 and its variants, epitopes, methods of use and related matters. We intend to prosecute the pending international application and pursue patent issuance and protection in key commercial markets where significant product sales may occur. Patents that may issue from this pending international application would provide protection until January 2035.

ANB019

As of June 30, 2015, we own one U.S. provisional patent application, which is directed to the antibody sequence of ANB019 and its variants, epitopes, methods of use and related matters. We intend to pursue an international patent application, filed under the PCT in due course, based on the pending U.S. provisional patent application, and pursue patent issuance and protection in key commercial markets where significant product sales may occur. Patents that may issue from the expected international application would provide protection until April 2036.

Platform Technology

Our platform technology is covered by U.S. and foreign issued patents and pending patent applications, emanating from our in-licensed portfolio and wholly owned portfolio, currently under prosecution in various jurisdictions.

Our wholly owned portfolio includes patents and patent applications directed to platform technology related inventions associated with antibody library design, antibody humanization, mammalian cell display and secretion, and other technical attributes relating to the discovery, maturation and optimization of antibodies using our technology platform. Patents relating to our platform technology that have been issued to date provide protection through 2028.

The patent positions of biotechnology companies like ours are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Consequently, we may not obtain or maintain adequate patent protection for any of our product candidates or for our technology platform. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection

from competitors. Any patents that we hold may be challenged, circumvented or invalidated by third parties. For a more comprehensive discussion of the risks related to our intellectual property, please see "Risk Factors—Risks Related to Our Intellectual Property."

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a non-provisional patent application related to the patent. A U.S. patent also may be accorded a PTA under certain circumstances to compensate for delays in obtaining the patent from the USPTO. In some instances, such a PTA may result in a U.S. patent term extending beyond 20 years from the earliest date of filing a non-provisional patent application related to the U.S. patent. In addition, in the United States, the term of a U.S. patent that covers an FDA-approved drug may also be eligible for patent term extension, which permits patent term restoration as compensation for the patent term lost during the FDA regulatory review process. The Hatch-Waxman Act permits a patent term extension of up to five years beyond the expiration of the patent. The length of the patent term extension is related to the length of time the drug is under regulatory review. Patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only one patent applicable to an approved drug may be extended. Similar provisions are available in Europe and other foreign jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our products receive FDA approval, we expect to apply for patent term extensions on patents covering those products. We plan to seek patent term extensions to any of our issued patents in any jurisdiction where these are available, however there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and if granted, the length of such extensions.

We also rely on trade secrets relating to our technology platform and product candidates and seek to protect and maintain the confidentiality of proprietary information to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. Although we take steps to protect our proprietary information and trade secrets, including through contractual means with our employees and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology. Thus, we may not be able to meaningfully protect our trade secrets. It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. Our agreements with employees also provide that all inventions conceived by the employee in the course of employment with us or from the employee's use of our confidential information are our exclusive property.

Manufacturing

We must manufacture drug product for clinical trial use in compliance with cGMP. The cGMP regulations include requirements relating to organization of personnel, buildings and facilities, equipment, control of components and drug product containers and closures, production and process controls, packaging and labeling controls, holding and distribution, laboratory controls, records and reports, and returned or salvaged products. The manufacturing facilities for our product candidates must meet cGMP requirements and FDA satisfaction before any product is approved and we can manufacture commercial products. Our third-party manufacturers will also be subject to periodic inspections of facilities by the FDA and other authorities, including procedures and operations used in the testing and manufacture of our products to assess our compliance with applicable regulations.

Our internal manufacturing capabilities include non-cGMP antibody and reagent production using small scale quantities for characterization and *in vitro* and *in vivo* preclinical assessment of product candidates. We do not have and we do not currently plan to acquire or develop the facilities or capabilities to manufacture cGMP drug substance or filled drug product for use in human clinical trials.

We rely on third-party manufacturers to generate cGMP-grade cell lines and will rely on them to produce cGMP drug product required for our planned clinical trials, and expect to continue to rely on third parties to manufacture clinical trial drug supplies for the foreseeable future. We also contract with additional third parties for the filling, labeling, packaging, storage and distribution of investigational drug products. We have personnel with significant technical, manufacturing, analytical, quality, including cGMP, and project management experience to oversee our third-party manufacturers and to manage manufacturing and quality data and information for regulatory compliance purposes. While our contract manufacturers have not yet produced cGMP batches of our product candidates, they have previously produced batches for other companies in compliance with cGMP and have been previously inspected by regulatory authorities for compliance with cGMP standards. Similarly, our personnel have had experience with cGMP at previous positions.

Failure to comply with statutory and regulatory requirements subjects a manufacturer to possible legal or regulatory action, including warning letters, the seizure or recall of products, injunctions, consent decrees placing significant restrictions on or suspending manufacturing operations and civil and criminal penalties. These actions could have a material impact on the availability of our products. Contract manufacturers often encounter difficulties involving production yields, quality control and quality assurance, as well as shortages of qualified personnel.

Competition

The biotechnology and pharmaceutical industries are characterized by continuing technological advancement and significant competition. While we believe that our product candidates, technology, knowledge, experience and scientific resources provide us with competitive advantages, we face competition from major pharmaceutical and biotechnology companies, academic institutions, governmental agencies and public and private research institutions, among others. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future. Key product features that would affect our ability to effectively compete with other therapeutics include the efficacy, safety and convenience of our products and the ease of use and effectiveness of any companion diagnostics. The level of generic competition and the availability of reimbursement from government and other third-party payors will also significantly affect the pricing and competitiveness of our products. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market.

Many of the companies against which we may compete have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Specifically, there are several companies developing or marketing treatments that may be approved for the same indications and/or diseases as our lead product candidates, ANB019 and ANB020, including major pharmaceutical companies.

For asthma, our competitors include omalizumab (Xolair; Roche), which has received FDA approval and functions by inhibiting the binding between free IgE and FceRI; antibodies that bind IL-5 and inhibit its interaction with the IL-5 receptor such as mepolizumab (Glaxosmithkline), which a Federal Advisory Committee has recently recommended that the FDA approve for the add-on maintenance treatment in patients aged 18 years or older with severe eosinophilic asthma, and reslizumab (Teva), the BLA for which has been submitted to the FDA for approval; antibodies, such as benralizumab (AstraZeneca) that bind the IL-5 receptor; antibodies that bind to IL-13 such as lebrikizumab (Roche), tralokinumab (AstraZeneca) and anrukinzumab (Pfizer) which are in

clinical testing; antibodies that bind the IL-4 receptor alpha chain such as dupilumab (Regeneron) and AMG317 (Amgen) each in clinical testing; and antibodies that bind the ST2 receptor including AMG282 (Amgen), which is in clinical testing.

For peanut allergy, our competitors include DBV Technologies, which is developing transdermal products for tolerization of food allergies, while Aimmune Therapeutics is developing oral products for peanut allergy desensitization. For GPP and PPP, our competitors include marketed therapies such as secukinumab (Cosentyx; Novartis) which binds IL-17A, ustekinumab (Stelara; Janssen) which blocks IL-12 and 23 cytokine function; and acitretin (Soriatane; Glaxosmithkline), as well as therapies in development such as guselkumab (Janssen) which blocks IL-23 cytokine function and gevokizumab (Xoma 052) which binds IL-1 beta.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local level, and in other countries and jurisdictions, including the European Union, extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, post-approval monitoring and reporting, and import and export of pharmaceutical products. The processes for obtaining regulatory approvals in the United States and in foreign countries and jurisdictions, along with subsequent compliance with applicable statutes and regulations and other regulatory authorities, require the expenditure of substantial time and financial resources.

FDA approval process

In the United States, pharmaceutical products are subject to extensive regulation by the FDA. The Federal Food, Drug, and Cosmetic Act, or the FDC Act, and other federal and state statutes and regulations, govern, among other things, the research, development, testing, manufacture, storage, recordkeeping, approval, labeling, promotion and marketing, distribution, post-approval monitoring and reporting, sampling, and import and export of pharmaceutical products. Biological products used for the prevention, treatment, or cure of a disease or condition of a human being are subject to regulation under the FDC Act, except the section of the FDC Act which governs the approval of new drug applications, or NDAs. Biological products are approved for marketing under provisions of the Public Health Service Act, or PHSA, via a Biologics License Application, or BLA. However, the application process and requirements for approval of BLAs are similar to those for NDAs, and biologics are associated with similar approval risks and costs as drugs. Failure to comply with applicable U.S. requirements may subject a company to a variety of administrative or judicial sanctions, such as clinical hold, FDA refusal to approve pending NDAs or BLAs, warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties, and criminal prosecution.

Biological product development for a new product or certain changes to an approved product in the United States typically involves preclinical laboratory and animal tests, the submission to the FDA of an IND, which must become effective before clinical testing may commence in the United States, and adequate and well- controlled clinical trials to establish the safety and effectiveness of the drug for each indication for which FDA approval is sought. Satisfaction of FDA pre-market approval requirements typically takes many years and the actual time required may vary substantially based upon the type, complexity, and novelty of the product or disease.

Preclinical tests include laboratory evaluation of product chemistry, formulation, and toxicity, as well as animal trials to assess the characteristics and potential safety and efficacy of the product. The conduct of the preclinical tests must comply with federal regulations and requirements, including good laboratory practices. The results of preclinical testing are submitted to the FDA as part of an IND along with other information, including information about product chemistry, manufacturing and controls, and a proposed clinical trial protocol. Long term preclinical tests, such as animal tests of reproductive toxicity and carcinogenicity, may continue after the

IND is submitted. A 30-day waiting period after the submission of each IND is required prior to the commencement of clinical testing in humans. If the FDA has neither commented on nor questioned the IND within this 30-day period, the clinical trial proposed in the IND may begin. Clinical trials involve the administration of the investigational biologic to healthy volunteers or patients under the supervision of a qualified investigator. Clinical trials must be conducted: (i) in compliance with federal regulations; (ii) in compliance with GCP, an international standard meant to protect the rights and health of patients and to define the roles of clinical trial sponsors, administrators, and monitors; as well as (iii) under protocols detailing the objectives of the trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. Each protocol involving testing on U.S. patients and subsequent protocol amendments must be submitted to the FDA as part of the IND.

The FDA may order the temporary, or permanent, discontinuation of a clinical trial at any time, or impose other sanctions if it believes that the clinical trial either is not being conducted in accordance with FDA requirements or presents an unacceptable risk to the clinical trial patients. The trial protocol and informed consent information for patients in clinical trials must also be submitted to an institutional review board, or IRB, for approval. An IRB may also require the clinical trial at the site to be halted, either temporarily or permanently, for failure to comply with the IRB's requirements, or may impose other conditions.

Clinical trials to support BLAs for marketing approval are typically conducted in three sequential phases, but the phases may overlap. In Phase 1, the initial introduction of the biologic into healthy human subjects or patients, the product is tested to assess metabolism, pharmacokinetics, pharmacological actions, side effects associated with increasing doses, and, if possible, early evidence on effectiveness. Phase 2 usually involves trials in a limited patient population to determine the effectiveness of the drug or biologic for a particular indication, dosage tolerance, and optimal dosage, and to identify common adverse effects and safety risks. If a compound demonstrates evidence of effectiveness and an acceptable safety profile in Phase 2 evaluations, Phase 3 trials are undertaken to obtain the additional information about clinical efficacy and safety in a larger number of patients, typically at geographically dispersed clinical trial sites, to permit the FDA to evaluate the overall benefit risk relationship of the drug or biologic and to provide adequate information for the labeling of the product. In most cases, the FDA requires two adequate and well-controlled Phase 3 clinical trials to demonstrate the efficacy of the biologic. A single Phase 3 trial with other confirmatory evidence may be sufficient in rare instances where the trial is a large multicenter trial demonstrating internal consistency and a statistically persuasive finding of a clinically meaningful effect on mortality, irreversible morbidity or prevention of a disease with a potentially serious outcome and confirmation of the result in a second trial would be practically or ethically impossible.

After completion of the required clinical testing, a BLA is prepared and submitted to the FDA. FDA approval of the BLA is required before marketing of the product may begin in the United States. The BLA must include the results of all preclinical, clinical, and other testing and a compilation of data relating to the product's pharmacology, chemistry, manufacture, and controls. The cost of preparing and submitting a BLA is substantial. The submission of most BLAs is additionally subject to a substantial application user fee, and the applicant under an approved BLA is also subject to annual product and establishment user fees. These fees are typically increased annually. The FDA has 60 days from its receipt of a BLA to determine whether the application will be accepted for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. Once the submission is accepted for filing, the FDA begins an in-depth review. The FDA has agreed to certain performance goals in the review of BLAs. Most such applications for standard review biologic products are reviewed within ten months of the date the FDA files the BLA; most applications for priority review biologics are reviewed within six months of the date the FDA files the BLA. Priority review can be applied to a biologic that the FDA determines has the potential to treat a serious or life-threatening condition and, if approved, would be a significant improvement in safety or effectiveness compared to available therapies. The review process for both standard and priority review may be extended by the FDA for three additional months to consider certain late-submitted information, or information intended to clarify information already provided in the submission.

The FDA may also refer applications for novel biologic products, or biologic products that present difficult questions of safety or efficacy, to an advisory committee—typically a panel that includes clinicians and other experts—for review, evaluation, and a recommendation as to whether the application should be approved. The FDA is not bound by the recommendation of an advisory committee, but it generally follows such recommendations. Before approving a BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. Additionally, the FDA will inspect the facility or the facilities at which the biologic product is manufactured. The FDA will not approve the product unless compliance with current good manufacturing practice, or cGMP, is satisfactory and the BLA contains data that provide substantial evidence that the biologic is safe, pure, potent and effective in the indication studied.

After the FDA evaluates the BLA and the manufacturing facilities, it issues either an approval letter or a complete response letter. A complete response letter generally outlines the deficiencies in the submission and may require substantial additional testing, or information, in order for the FDA to reconsider the application. If, or when, those deficiencies have been addressed to the FDA's satisfaction in a resubmission of the BLA, the FDA will issue an approval letter. The FDA has committed to reviewing such resubmissions in two or six months depending on the type of information included. An approval letter authorizes commercial marketing of the biologic with specific prescribing information for specific indications. As a condition of BLA approval, the FDA may require a REMS to help ensure that the benefits of the biologic outweigh the potential risks. REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use, or ETASU. ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patient registries. The requirement for a REMS can materially affect the potential market and profitability of the product. Moreover, product approval may require substantial post-approval testing and surveillance to monitor the product's safety or efficacy.

Once granted, product approvals may be withdrawn if compliance with regulatory standards is not maintained or problems are identified following initial marketing. Changes to some of the conditions established in an approved application, including changes in indications, labeling, or manufacturing processes or facilities, require submission and FDA approval of a new BLA or BLA supplement before the change can be implemented. A BLA supplement for a new indication typically requires clinical data similar to that in the original application, and the FDA uses the same procedures and actions in reviewing BLA supplements as it does in reviewing BLAs.

Foreign clinical studies to support an IND

The FDA will accept as support for an IND a well-designed, well-conducted, non-IND foreign clinical study if it was conducted in accordance with GCP and the FDA is able to validate the data from the study through an onsite inspection, if necessary. A sponsor or applicant who wishes to rely on a non-IND foreign clinical study to support an IND must submit the following supporting information to the FDA to demonstrate that the study conformed to GCP:

- the investigator's qualifications;
- a description of the research facilities;
- a detailed summary of the protocol and study results and, if requested, case records or additional background data;
- a description of the drug substance and drug product, including the components, formulation, specifications, and, if available, the bioavailability of the drug product;
- information showing that the study is adequate and well controlled;
- the name and address of the independent ethics committee that reviewed the study and a statement that the independent ethics committee meets the required definition;
- a summary of the independent ethics committee's decision to approve or modify and approve the study, or to provide a favorable opinion;

- a description of how informed consent was obtained;
- a description of what incentives, if any, were provided to subjects to participate;
- a description of how the sponsors monitored the study and ensured that the study was consistent with the protocol;
- a description of how investigators were trained to comply with GCP and to conduct the study in accordance with the study protocol; and
- a statement on whether written commitments by investigators to comply with GCP and the protocol were obtained.

Orphan drug designation

Under the Orphan Drug Act, the FDA may grant orphan drug designation to biological products intended to treat a rare disease or condition—generally a disease or condition that affects fewer than 200,000 individuals in the United States, or if it affects more than 200,000 individuals in the United States, there is no reasonable expectation that the cost of developing and making a product available in the United States for such disease or condition will be recovered from sales of the product.

Orphan drug designation must be requested before submitting a BLA. After the FDA grants orphan drug designation, the generic identity of the biological product and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. The first BLA applicant to receive FDA approval for a biological product containing a particular active moiety to treat a particular disease with FDA orphan drug designation is entitled to a seven-year exclusive marketing period in the United States for that product for that indication. During the seven-year exclusivity period, the FDA may not approve any other applications to market a biological product containing the same active moiety for the same disease, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity. A product is clinically superior if it is safer, more effective or makes a major contribution to patient care. Orphan drug exclusivity does not prevent the FDA from approving a different drug or biological product for the same disease or condition, or the same biological product for a different disease or condition. Among the other benefits of orphan drug designation are tax credits for certain research and a waiver of the BLA user fee.

Disclosure of clinical trial information

Sponsors of clinical trials of FDA-regulated products, including biological products, are required to register and disclose certain clinical trial information. Information related to the product, patient population, phase of investigation, trial sites and investigators, and other aspects of the clinical trial is then made public as part of the registration. Sponsors are also obligated to discuss the results of their clinical trials after completion. Disclosure of the results of these trials can be delayed until the new product or new indication being studied has been approved. Competitors may use this publicly available information to gain knowledge regarding the progress of development programs.

Pediatric information

Under the Pediatric Research Equity Act, or PREA, NDAs or BLAs or supplements to NDAs or BLAs must contain data to assess the safety and effectiveness of the biological product for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the biological product is safe and effective. The FDA may grant full or partial waivers, or deferrals, for submission of data. Unless otherwise required by regulation, PREA does not apply to any biological product for an indication for which orphan designation has been granted.

Additional controls for biologics

To help reduce the increased risk of the introduction of adventitious agents, the PHSA emphasizes the importance of manufacturing controls for products whose attributes cannot be precisely defined. The PHSA also provides authority to the FDA to immediately suspend licenses in situations where there exists a danger to public health, to prepare or procure products in the event of shortages and critical public health needs, and to authorize the creation and enforcement of regulations to prevent the introduction or spread of communicable diseases in the United States and between states.

After a BLA is approved, the product may also be subject to official lot release as a condition of approval. As part of the manufacturing process, the manufacturer is required to perform certain tests on each lot of the product before it is released for distribution. If the product is subject to official release by the FDA, the manufacturer submits samples of each lot of product to the FDA together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer's tests performed on the lot. The FDA may also perform certain confirmatory tests on lots of some products, such as viral vaccines, before releasing the lots for distribution by the manufacturer.

In addition, the FDA conducts laboratory research related to the regulatory standards on the safety, purity, potency, and effectiveness of biological products. As with drugs, after approval of biologics, manufacturers must address any safety issues that arise, are subject to recalls or a halt in manufacturing, and are subject to periodic inspection after approval.

Patent term restoration

After approval, owners of relevant drug or biologic patents may apply for up to a five year patent extension. The allowable patent term extension is calculated as half of the drug's testing phase—the time between IND application and NDA or BLA submission—and all of the review phase—the time between NDA or BLA submission and approval up to a maximum of five years. The time can be shortened if FDA determines that the applicant did not pursue approval with due diligence. The total patent term after the extension may not exceed 14 years.

For patents that might expire during the application phase, the patent owner may request an interim patent extension. An interim patent extension increases the patent term by one year and may be renewed up to four times. For each interim patent extension granted, the post-approval patent extension is reduced by one year. The director of the United States Patent and Trademark Office must determine that approval of the drug covered by the patent for which a patent extension is being sought is likely. Interim patent extensions are not available for a drug or biologic for which an NDA or BLA has not been submitted.

Biosimilars

The Biologics Price Competition and Innovation Act of 2009, or BPCIA, creates an abbreviated approval pathway for biological products shown to be highly similar to or interchangeable with an FDA licensed reference biological product. Biosimilarity sufficient to reference a prior FDA-approved product requires that there be no differences in conditions of use, route of administration, dosage form, and strength, and no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency. Biosimilarity must be shown through analytical trials, animal trials, and a clinical trial or trials, unless the Secretary of Health and Human Services waives a required element. A biosimilar product may be deemed interchangeable with a prior approved product if it meets the higher hurdle of demonstrating that it can be expected to produce the same clinical results as the reference product and, for products administered multiple times, the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic. On March 6, 2015, the FDA approved the first biosimilar product under the BPCIA. Complexities associated

with the larger, and often more complex, structures of biological products, as well as the process by which such products are manufactured, pose significant hurdles to implementation, which is still being evaluated by the FDA.

A reference biologic is granted 12 years of exclusivity from the time of first licensure of the reference product, and no application for a biosimilar can be submitted for four years from the date of licensure of the reference product. The first biologic product submitted under the abbreviated approval pathway that is determined to be interchangeable with the reference product has exclusivity against a finding of interchangeability for other biologics for the same condition of use for the lesser of (i) one year after first commercial marketing of the first interchangeable biosimilar, (ii) 18 months after the first interchangeable biosimilar is approved if there is no patent challenge, (iii) 18 months after resolution of a lawsuit over the patents of the reference biologic in favor of the first interchangeable biosimilar applicant, or (iv) 42 months after the first interchangeable biosimilar's application has been approved if a patent lawsuit is ongoing within the 42-month period.

Post-approval requirements

Once a BLA is approved, a product will be subject to certain post-approval requirements. For instance, the FDA closely regulates the post-approval marketing and promotion of biologics, including standards and regulations for direct-to-consumer advertising, off-label promotion, industry-sponsored scientific and educational activities and promotional activities involving the internet. Biologics may be marketed only for the approved indications and in accordance with the provisions of the approved labeling.

Adverse event reporting and submission of periodic reports is required following FDA approval of a BLA. The FDA also may require post-marketing testing, known as Phase 4 testing, REMS, and surveillance to monitor the effects of an approved product, or the FDA may place conditions on an approval that could restrict the distribution or use of the product. In addition, quality control, biological product manufacture, packaging, and labeling procedures must continue to conform to cGMPs after approval. Biologic manufacturers and certain of their subcontractors are required to register their establishments with the FDA and certain state agencies. Registration with the FDA subjects entities to periodic unannounced inspections by the FDA, during which the agency inspects manufacturing facilities to assess compliance with cGMPs. Accordingly, manufacturers must continue to expend time, money, and effort in the areas of production and quality-control to maintain compliance with cGMPs. Regulatory authorities may withdraw product approvals or request product recalls if a company fails to comply with regulatory standards, if it encounters problems following initial marketing, or if previously unrecognized problems are subsequently discovered.

FDA regulation of companion diagnostics

If use of an *in vitro* diagnostic is essential to safe and effective use of a drug or biologic product, then the FDA generally will require approval or clearance of the diagnostic, known as a companion diagnostic, at the same time that the FDA approves the therapeutic product. The review of an *in vitro* companion diagnostic in conjunction with the review of a biologic involves coordination of review by the FDA's Center for Biologics Evaluation and Research and by the FDA's Center for Devices and Radiological Health. The PMA process, including the gathering of clinical and preclinical data and the submission to and review by the FDA, can take several years or longer. It involves a rigorous premarket review during which the applicant must prepare and provide the FDA with reasonable assurance of the device's safety and effectiveness and information about the device and its components regarding, among other things, device design, manufacturing and labeling. PMA applications are subject to an application fee, which exceeds $250,000 for most PMAs. In addition, PMAs for certain devices must generally include the results from extensive preclinical and adequate and well-controlled clinical trials to establish the safety and effectiveness of the device for each indication for which FDA approval is sought. In particular, for a diagnostic, the applicant must demonstrate that the diagnostic produces reproducible results when the same sample is tested multiple times by multiple users at multiple laboratories. As part of the

PMA review, the FDA will typically inspect the manufacturer's facilities for compliance with the Quality System Regulation, or QSR, which imposes elaborate testing, control, documentation and other quality assurance requirements.

PMA approval is not guaranteed, and the FDA may ultimately respond to a PMA submission with a not approvable determination based on deficiencies in the application and require additional clinical trial or other data that may be expensive and time-consuming to generate and that can substantially delay approval. If the FDA's evaluation of the PMA application is favorable, the FDA typically issues an approvable letter requiring the applicant's agreement to specific conditions, such as changes in labeling, or specific additional information, such as submission of final labeling, in order to secure final approval of the PMA. If the FDA concludes that the applicable criteria have been met, the FDA will issue a PMA for the approved indications, which can be more limited than those originally sought by the applicant. The PMA can include post-approval conditions that the FDA believes necessary to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution.

After a device is placed on the market, it remains subject to significant regulatory requirements. Medical devices may be marketed only for the uses and indications for which they are cleared or approved. Device manufacturers must also establish registration and device listings with the FDA. A medical device manufacturer's manufacturing processes and those of its suppliers are required to comply with the applicable portions of the QSR, which cover the methods and documentation of the design, testing, production, processes, controls, quality assurance, labeling, packaging and shipping of medical devices. Domestic facility records and manufacturing processes are subject to periodic unscheduled inspections by the FDA. The FDA also may inspect foreign facilities that export products to the United States.

Other U.S. healthcare laws and compliance requirements

In the United States, our activities are potentially subject to regulation by various federal, state and local authorities in addition to the FDA, including but not limited to, the Centers for Medicare and Medicaid Services, or CMS, other divisions of the U.S. Department of Health and Human Services (such as the Office of Inspector General), the U.S. Department of Justice, or DOJ, and individual U.S. Attorney offices within the DOJ, and state and local governments. For example, sales, marketing and scientific/educational grant programs may have to comply with the anti-fraud and abuse provisions of the Social Security Act, the false claims laws, the privacy and security provisions of the Health Insurance Portability and Accountability Act, or HIPAA, and similar state laws, each as amended, as applicable.

The federal Anti-Kickback Statute prohibits, among other things, any person or entity, from knowingly and willfully offering, paying, soliciting or receiving any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or in return for purchasing, leasing, ordering or arranging for the purchase, lease or order of any item or service reimbursable under Medicare, Medicaid or other federal healthcare programs. The term remuneration has been interpreted broadly to include anything of value. The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on one hand and prescribers, purchasers, and formulary managers on the other. There are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution. The exceptions and safe harbors are drawn narrowly and practices that involve remuneration that may be alleged to be intended to induce prescribing, purchasing or recommending may be subject to scrutiny if they do not qualify for an exception or safe harbor. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all of its facts and circumstances. Our practices may not in all cases meet all of the criteria for protection under a statutory exception or regulatory safe harbor.

Additionally, the intent standard under the Anti-Kickback Statute was amended by the Patient Protection and Affordable Care Act, or ACA, to a stricter standard such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the ACA codified case law that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal False Claims Act (discussed below).

The civil monetary penalties statute imposes penalties against any person or entity that, among other things, is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent.

Federal false claims and false statement laws, including the federal False Claims Act, prohibit, among other things, any person or entity from knowingly presenting, or causing to be presented, a false or fraudulent claim for payment to, or approval by, the federal healthcare programs, including Medicare and Medicaid, or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government. As a result of a modification made by the Fraud Enforcement and Recovery Act of 2009, a claim includes “any request or demand” for money or property presented to the U.S. government. Recently, several pharmaceutical and other healthcare companies have been prosecuted under these laws for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. Other companies have been prosecuted for causing false claims to be submitted because of the companies’ marketing of the product for unapproved, and thus generally non-reimbursable, uses.

HIPAA created additional federal criminal statutes that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud or to obtain, by means of false or fraudulent pretenses, representations or promises, any money or property owned by, or under the control or custody of, any healthcare benefit program, including private third-party payors, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing or covering up by trick, scheme or device, a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Like the Anti-Kickback Statute, the ACA amended the intent standard for certain healthcare fraud statutes under HIPAA such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

Also, many states have similar fraud and abuse statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor. Additionally, to the extent that our product is sold in a foreign country, we may be subject to similar foreign laws.

We may be subject to data privacy and security regulations by both the federal government and the states in which we conduct our business. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and its implementing regulations, imposes requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HITECH makes HIPAA’s privacy and security standards directly applicable to business associates, independent contractors or agents of covered entities that receive or obtain protected health information in connection with providing a service on behalf of a covered entity. HITECH also created four new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce HIPAA and seek attorneys’ fees and costs associated with pursuing federal civil actions. In addition, many state laws govern the privacy and security of health information in specified circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Additionally, the federal Physician Payments Sunshine Act within the ACA, and its implementing regulations, require that certain manufacturers of drugs, devices, biological and medical supplies for which

payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) report annually to CMS information related to certain payments or other transfers of value made or distributed to physicians and teaching hospitals, or to entities or individuals at the request of, or designated on behalf of, the physicians and teaching hospitals and to report annually certain ownership and investment interests held by physicians and their immediate family members. Moreover, the Drug Supply Chain Security Act imposes new obligations on manufacturers of pharmaceutical products related to product tracking and tracing. Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products.

In order to distribute products commercially, we must comply with state laws that require the registration of manufacturers and wholesale distributors of drug and biological products in a state, including, in certain states, manufacturers and distributors who ship products into the state even if such manufacturers or distributors have no place of business within the state. Some states also impose requirements on manufacturers and distributors to establish the pedigree of product in the chain of distribution, including some states that require manufacturers and others to adopt new technology capable of tracking and tracing product as it moves through the distribution chain. Several states have enacted legislation requiring pharmaceutical and biotechnology companies to establish marketing compliance programs, file periodic reports with the state, make periodic public disclosures on sales, marketing, pricing, clinical trials and other activities, and/or register their sales representatives, as well as to prohibit pharmacies and other healthcare entities from providing certain physician prescribing data to pharmaceutical and biotechnology companies for use in sales and marketing, and to prohibit certain other sales and marketing practices. All of our activities are potentially subject to federal and state consumer protection and unfair competition laws.

If our operations are found to be in violation of any of the federal and state healthcare laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including without limitation, civil, criminal and/or administrative penalties, damages, fines, disgorgement, exclusion from participation in government programs, such as Medicare and Medicaid, injunctions, private "qui tam" actions brought by individual whistleblowers in the name of the government, or refusal to allow us to enter into government contracts, contractual damages, reputational harm, administrative burdens, diminished profits and future earnings, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Coverage, pricing and reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any product candidates for which we obtain regulatory approval. In the United States and markets in other countries, sales of any products for which we receive regulatory approval for commercial sale will depend, in part, on the extent to which third-party payors provide coverage, and establish adequate reimbursement levels for such products. In the United States, third-party payors include federal and state healthcare programs, private managed care providers, health insurers and other organizations. The process for determining whether a third-party payor will provide coverage for a product may be separate from the process for setting the price of a product or for establishing the reimbursement rate that such a payor will pay for the product. Third-party payors may limit coverage to specific products on an approved list, also known as a formulary, which might not include all of the FDA-approved products for a particular indication. Third-party payors are increasingly challenging the price, examining the medical necessity and reviewing the cost-effectiveness of medical products, therapies and services, in addition to questioning their safety and efficacy. We may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of our products, in addition to the costs required to obtain the FDA approvals. Our product candidates may not be considered medically necessary or cost-effective. A payor's decision to provide coverage for a product does not imply that an adequate reimbursement rate will be approved. Further, one payor's determination to provide coverage for a product does not assure that other payors will also provide coverage for the product. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development.

Different pricing and reimbursement schemes exist in other countries. In the EU, governments influence the price of pharmaceutical products through their pricing and reimbursement rules and control of national health care systems that fund a large part of the cost of those products to consumers. Some jurisdictions operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed. To obtain reimbursement or pricing approval, some of these countries may require the completion of clinical trials that compare the cost effectiveness of a particular product candidate to currently available therapies. Other member states allow companies to fix their own prices for medicines, but monitor and control company profits. The downward pressure on health care costs has become intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert a commercial pressure on pricing within a country.

The marketability of any product candidates for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, emphasis on managed care in the United States has increased and we expect will continue to increase the pressure on healthcare pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Healthcare reform

In March 2010, President Obama enacted the ACA, which has the potential to substantially change healthcare financing and delivery by both governmental and private insurers, and significantly impact the pharmaceutical and biotechnology industry.

Among the ACA provisions of importance to the pharmaceutical and biotechnology industries, in addition to those otherwise described above, are the following:

- an annual, nondeductible fee on any entity that manufactures or imports certain specified branded prescription drugs and biologic agents apportioned among these entities according to their market share in some government healthcare programs that began in 2011;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program, retroactive to January 1, 2010, to 23.1% and 13% of the average manufacturer price for most branded and generic drugs, respectively and capped the total rebate amount for innovator drugs at 100% of the Average Manufacturer Price, or AMP;
- 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 to eligible beneficiaries during their coverage gap period, as a condition for the manufacturers' outpatient drugs to be covered under Medicare Part D;
- extension of manufacturers' Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals beginning in 2014 and by adding new mandatory eligibility categories for individuals with income at or below 133% of the federal poverty level, thereby potentially increasing manufacturers' Medicaid rebate liability;
- expansion of the entities eligible for discounts under the Public Health Service pharmaceutical pricing program;
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research;
- expansion of healthcare fraud and abuse laws, including the False Claims Act and the Anti-Kickback Statute, new government investigative powers, and enhanced penalties for noncompliance;

- a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted, or injected;
- requirements to report certain financial arrangements with physicians and teaching hospitals; and
- a requirement to annually report certain information regarding drug samples that manufacturers and distributors provide to physicians.

We anticipate that the ACA will result in additional downward pressure on coverage and the price that we receive for any approved product, and could seriously harm our business. Any reduction in reimbursement from Medicare and other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products. Such reforms could have an adverse effect on anticipated revenues from product candidates that we may successfully develop and for which we may obtain regulatory approval and may affect our overall financial condition and ability to develop product candidates. In addition, it is possible that there will be further legislation or regulation that could harm our business, financial condition and results of operations.

For example, in August 2011, the President signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee on Deficit Reduction did not achieve a targeted deficit reduction of at least $1.2 trillion for fiscal years 2012 through 2021, triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions to Medicare payments to providers of up to 2% per fiscal year, which went into effect beginning on April 1, 2013 and will stay in effect through 2024 unless additional Congressional action is taken. Additionally, in January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, including hospitals and imaging centers. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for our drugs, if approved, and, accordingly, our financial operations.

The Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, or authorizing payment or offering of anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of the foreign entity in order to assist the individual or business in obtaining or retaining business. The FCPA also obligates companies whose securities are listed in the United States to comply with accounting provisions requiring us to maintain books and records that accurately and fairly reflect all transactions of the corporation, including international subsidiaries, and to devise and maintain an adequate system of internal accounting controls for international operations.

Additional regulation

In addition to the foregoing, state and federal laws regarding environmental protection and hazardous substances, including the Occupational Safety and Health Act, the Resource Conservancy and Recovery Act and the Toxic Substances Control Act, affect our business. These and other laws govern our use, handling and disposal of various biological, chemical and radioactive substances used in, and wastes generated by, our operations. If our operations result in contamination of the environment or expose individuals to hazardous substances, we could be liable for damages and governmental fines. We believe that we are in material compliance with applicable environmental laws and that continued compliance therewith will not have a material adverse effect on our business. We cannot predict, however, how changes in these laws may affect our future operations.

Europe / rest of world government regulation

In addition to regulations in the United States, we will be subject to a variety of regulations in other jurisdictions governing, among other things, clinical trials and any commercial sales and distribution of our products. Whether or not we obtain FDA approval of a product, we must obtain the requisite approvals from regulatory authorities in foreign countries prior to the commencement of clinical trials or marketing of the product in those countries. Certain countries outside of the United States have a similar process that requires the submission of a clinical trial application much like the IND prior to the commencement of human clinical trials. In the EU, for example, a clinical trial application must be submitted to each country's national health authority and an independent ethics committee, much like the FDA and IRB, respectively. Once the clinical trial application is approved in accordance with a country's requirements, clinical trial development may proceed. Because biologically sourced raw materials are subject to unique contamination risks, their use may be restricted in some countries. The requirements and process governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, the clinical trials are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

To obtain regulatory approval of an investigational drug or biological product under EU regulatory systems, we must submit a marketing authorization application. The application used to file the BLA in the United States is similar to that required in the EU, with the exception of, among other things, country-specific document requirements. For other countries outside of the EU, such as countries in Eastern Europe, Latin America or Asia, the requirements governing the conduct of clinical trials, product licensing, pricing and reimbursement vary from country to country. In all cases, again, the clinical trials are conducted in accordance with GCP and the applicable regulatory requirements and the ethical principles that have their origin in the Declaration of Helsinki.

If we or our potential collaborators fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Australia

Conducting clinical trials for therapeutic drug candidates in Australia is subject to regulation by Australian governmental entities. Approval for inclusion in the Australian Register of Therapeutic Goods, or the ARTG, is required before a pharmaceutical drug product may be marketed in Australia.

Typically, the process of obtaining approval of a new therapeutic drug product for inclusion in the ARTG requires compilation of clinical trial data. Clinical trials conducted using "unapproved therapeutic goods" in Australia, being those which have not yet been evaluated by the TGA for quality, safety and efficacy must occur pursuant to either the Clinical Trial Notification, or CTN, or Clinical Trial Exemption, or CTX, process.

The CTN process broadly involves:

- completion of pre-clinical laboratory and animal testing;
- submission to a Human Research Ethics Committee, or the HREC, of all material relating to the proposed clinical trial, including the trial protocol. The TGA does not review any data relating to the clinical trial;
- the institution or organisation at which the trial will be conducted, referred to as the "Approving Authority" gives the final approval for the conduct of the trial at the site, having due regard to the advice from the HREC; and
- CTN trials cannot commence until the trial has been notified to the TGA.

Under the CTX process:

- a sponsor submits an application to conduct a clinical trial to the TGA for evaluation and comment; and
- a sponsor cannot commence a CTX trial until written advice has been received from the TGA regarding the application and approval for the conduct of the trial has been obtained from an ethics committee and the institution at which the trial will be conducted.

In each case, it is required that:

- adequate and well-controlled clinical trials demonstrate the quality, safety and efficacy of the therapeutic product;
- evidence is compiled which demonstrates that the manufacture of the therapeutic drug product complies with the principles of cGMP;
- manufacturing and clinical data is derived to submit to the Australian Committee on Prescription Medicines, which makes recommendations to the TGA as to whether or not to grant approval to include the therapeutic drug product in the ARTG; and
- an ultimate decision is made by the TGA whether to include the therapeutic drug product in the ARTG.

Pre-clinical studies include laboratory evaluation of the therapeutic drug product as well as animal studies to assess the potential safety and efficacy of the drug. The results of the pre-clinical studies form part of the materials submitted to the investigators HREC in the case of a CTN trial and part of the application to the TGA in the case of a CTX trial.

Clinical trials involve administering the investigational product to healthy volunteers or patients under the supervision of a qualified principal investigator. The TGA has developed guidelines for a CTN. Under the CTN process, all material relating to the proposed trial is submitted directly to the HREC of each institution at which the trial is to be conducted. An HREC is an independent review committee set up under guidelines of the Australian National Health and Medical Research Council. The role of an HREC is to ensure the protection of rights, safety and wellbeing of human subjects involved in a clinical trial by, among other things, reviewing, approving and providing continuing review of trial protocols and amendments, and of the methods and material to be used in obtaining and documenting informed consent of the trial subjects. The TGA is formally notified by submission of a CTN application but does not review the safety of the drug or any aspect of the proposed trial. The approving authority of each institution gives the final approval for the conduct of the clinical trial, having due regard to advice from the HREC. Following approval, responsibility for all aspects of the trial conducted under a CTN application remains with the HREC of each investigator’s institution.

The standards for clinical research in Australia are set by the TGA and the National Health and Medical Research Council, and compliance with GCP is mandatory. Guidelines, such as those promulgated by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, or ICH, are required across all fields, including those related to pharmaceutical quality, nonclinical and clinical data requirements and study designs. The basic requirements for preclinical data to support a first-in-human study under ICH guidelines are applicable in Australia. Requirements related to adverse event reporting in Australia are similar to those required in other major jurisdictions.

Other regulations

We are also subject to numerous federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control, and disposal of hazardous or potentially hazardous substances. We may incur significant costs to comply with such laws and regulations now or in the future.

Employees

As of August 31, 2015, we had 46 full-time employees and one part-time employee. Of these employees, 37 were primarily engaged in research and development activities and 10 have an M.D. or a Ph.D. None of our employees are represented by a labor union or covered by collective bargaining agreements, and we believe our relationship with our employees is good.

Properties and Facilities

Our principal executive office is located in San Diego, California, and consists of approximately 25,000 square feet of leased office and laboratory space under a lease that expires on August 31, 2016. We use these facilities for our administrative, research and development and other activities.

We believe that our facilities are adequate to meet our needs for the foreseeable future.

Legal Proceedings

From time to time, we may be involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, in the opinion of management, would have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us due to defense and settlement costs, diversion of management resources, negative publicity and reputational harm, and other factors.

MANAGEMENT

Executive Officers and Directors

The following table provides information regarding our executive officers and directors as of August 31, 2015:

Name	Age	Position
Executive Officers:		
Hamza Suria.	39	President, Chief Executive Officer and Director
Marco Londei, M.D.	59	Chief Development Officer
Robert E. Hoffman	49	Chief Financial Officer
Non-Employee Directors:		
Tiba Aynechi, Ph.D.*	39	Director
Carol G. Gallagher, Pharm.D.(1)(2)(3)	51	Director
Nicholas B. Lydon, Ph.D., FRS(2)	58	Director
Hollings Renton(3)(4)	68	Director
John P. Schmid(1)	52	Director
James N. Topper, M.D., Ph.D.(1)(3)(5)	53	Director

* Dr. Aynechi has notified us that she will resign from our board of directors contingent upon and effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part.
(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Nominating and Corporate Governance Committee.
(4) Lead Independent Director.
(5) Chairman of the Board of Directors.

Executive Officers

Hamza Suria has served as our President and Chief Executive Officer and a member of our board of directors since July 2011. From January 2009 to June 2011 Mr. Suria served as Vice President of Corporate Development. Before joining our company in December 2008, Mr. Suria worked at Maxygen, Inc., a biopharmaceutical company, where he was responsible for partnering and alliance management of next-generation protein therapeutics in oncology supportive care, hematology and autoimmunity, including partnerships with healthcare and pharmaceutical companies, such as Roche, Sanofi S.A., Bayer Corporation and Astellas Pharma. Mr. Suria received his M.S. in immunology from the University of Western Ontario, his Executive M.B.A. from the Richard Ivey School of Business of the University of Western Ontario and his B.S. in biochemistry from Kalamazoo College.

We believe that Mr. Suria's thorough knowledge of our company and technology, and his scientific and business experience, provide him with the qualifications and skills to serve on our board of directors.

Marco Londei, M.D. has served as our Chief Development Officer since October 2014. Before joining our company, Dr. Londei worked as Therapeutic Area Head Immunosciences, at Bristol-Myers Squibb, a biopharmaceutical company, from November 2012 to September 2014. Before starting at Bristol-Myers Squibb, Dr. Londei served as Global Head Translational Medicine of the Autoimmunity, Transplantation & Inflammation Department at Novartis AG and Translational Science Officer at the Genomics Institute of the Novartis Research Foundation from October 2005 to October 2012. Dr. Londei was Professor at the Kennedy Institute of Rheumatology, Imperial College School of Medicine, London, from July 1999 to July 2003 and then Professor and head of the gastroenterology unit at University College London, Medical School UK, from July 2003 through September 2007. Dr. Londei received his M.D. from Università di Bologna.

Robert E. Hoffman has served as our Chief Financial Officer since July 2015. Before joining our company, Mr. Hoffman served as Senior Vice President, Finance and Chief Financial Officer of Arena Pharmaceuticals, Inc., a biopharmaceutical company, from June 2012 to July 2015, as Vice President, Finance and Chief Financial Officer from August 2011 to June 2012 and December 2005 to March 2011. From March 2011 to August 2011, Mr. Hoffman served as Chief Financial Officer for Polaris Group, a biopharmaceutical drug company. Mr. Hoffman is a member of the board of directors of CombiMatrix Corporation, a molecular diagnostics company, Kura Oncology, Inc., a biotechnology company, and MabVax Therapeutics Holdings, Inc., a biopharmaceutical company. He also serves as a member of the Financial Accounting Standards Board's Small Business Advisory Committee and the steering committee of the Association of Bioscience Financial Officers. Mr. Hoffman received his B.B.A. from St. Bonaventure University, and is licensed as a C.P.A. (inactive) in the State of California.

Non-Employee Directors

Tiba Aynechi, Ph.D. has served as a member of our board of directors since April 2015. Dr. Aynechi is employed as a Partner at Novo Ventures (US) Inc., which provides certain consultancy services to Novo A/S, a Danish limited liability company that manages investments and financial assets. Prior to joining Novo Ventures (US) Inc. in March 2010, Dr. Aynechi was employed from June 2006 to March 2010 by Burrill & Company, a private financial firm specializing in biotechnology and life sciences investment, in various positions, including from January 2009 to March 2010 as a Director in Merchant Banking where she was responsible for regional and cross-border mergers and acquisitions, licensing, and financing transactions. Dr. Aynechi has served as a member of the board of directors of several private biotechnology and medical device companies. Dr. Aynechi received her Ph.D. in biophysics from the University of California, San Francisco, where her research involved developing computational methods for drug discovery. She received her B.S. in physics from the University of California, Irvine.

We believe that Dr. Aynechi's extensive experience in the biotechnology and pharmaceutical industries, makes her qualified to serve on our own board of directors.

Carol G. Gallagher, Pharm.D. has served as a member of our board of directors since October 2011. Dr. Gallagher has been a partner at New Enterprise Associates, a venture-capital firm, since October 2014. She has served as a director at Atara Biotherapeutics, Inc., a public biopharmaceutical company, since February 2013 and she became lead director in October 2014. She has also served as a director at Atterocor, Inc. since October 2012, as chairperson of the board of directors of eFFECTOR Therapeutics, Inc. from October 2012 to 2014 and as a director of Aragon Pharmaceuticals, Inc. from February 2012 to July 2013. Dr. Gallagher was a venture partner with Frazier Healthcare, a venture-capital firm, from November 2013 to July 2014. Dr. Gallagher served as the President and Chief Executive Officer of Calistoga Pharmaceuticals, a biopharmaceutical company, from September 2008 to April 2011, when the company was acquired by Gilead Sciences. From 2007 to 2008, Dr. Gallagher was the President and Chief Executive Officer of Metastatix, Inc., a biopharmaceutical company. Dr. Gallagher attended Vanderbilt University and received her B.S. and Pharm.D. degrees from the University of Kentucky.

We believe that Dr. Gallagher's extensive experience in the life sciences industry and as a chief executive officer provide her with the qualifications and skills to serve on our board of directors.

Nicholas B. Lydon, Ph.D., FRS is a co-founder of our company and has served on our board of directors since our company was founded in November 2005. Dr. Lydon also co-founded and has served on the board of directors of BluePrint Medicines Inc. since April 2011. Since 2011, Dr. Lydon has served as Managing Member at Staurus Pharma, LLC, a biotechnology company. Dr. Lydon is also the founder of Granite Biopharma LLC, a consulting company, and has served as sole member of Granite Biopharma since 2003. Dr. Lydon also previously served as Vice President, Small Molecule Drug Discovery at Amgen Inc. from 2000 to 2002. Prior to joining Amgen, he was the Chief Executive Officer and founder of Kinetix Pharmaceuticals, Inc., a biotechnology company focused on the discovery and development of selective protein kinase inhibitors, from 1997 to 2000. Kinetix Pharmaceuticals was acquired by Amgen in 2000. Prior to joining Kinetix, Dr. Lydon worked at CIBA-GEIGY, AG (Novartis) in

Basel, Switzerland from 1985 to 1997, where he was responsible for the protein kinase inhibitor program, including the discovery and preclinical development of Imatinib (Gleevec). Dr. Lydon began his pharmaceutical career at Schering-Plough Corporation from 1982 to 1985 where his research involved studies on recombinant interferons. Dr. Lydon has been awarded the Lasker~DeBakey Clinical Medical Research Award and the Japan Prize for his work on Imatinib. Other awards include the Warren Alpert Foundation Prize, the AACR Bruce F. Cain Memorial Award and the Charles F. Kettering Prize from the General Motors Cancer Research Foundation. Dr. Lydon earned his B.S. in Biochemistry and Zoology from the University of Leeds, England, and received his Ph.D. in Biochemistry from the Medical Sciences Institute, University of Dundee, Scotland.

We believe that Dr. Lydon's extensive industry experience and significant knowledge of scientific matters provide him with the qualifications and skills to serve on our board of directors.

Hollings Renton has served as a member of our board of directors since June 2015. Mr. Renton previously served as the Chief Executive Officer and President of Onyx Pharmaceuticals, Inc. from 1993 to 2008 and as the chairperson of the board of directors from 2000 to 2008. Before joining Onyx Pharmaceuticals, Mr. Renton worked for Chiron Corporation, a pharmaceutical company, as President and Chief Operating Officer from 1991 to 1993, following its acquisition of Cetus Corporation. Before joining Onyx Pharmaceuticals, Mr. Renton worked for Cetus Corporation as President from 1990 to 1991, as Chief Operating Officer from 1987 to 1990, and as Chief Financial Officer from 1983 to 1987. Mr. Renton currently serves as a director of multiple life sciences companies, including as chairperson of the board of directors of Portola Pharmaceuticals, Inc., and is a member of the board of directors of Cepheid Inc. and Kythera Biopharmaceuticals, Inc. He previously served on the boards of directors of Rigel Pharmaceuticals, Inc., Affymax Inc., Sangstat Medical Corporation, Special Olympics Northern California and the Biotechnology Industry Organization. Mr. Renton received his M.B.A. from the University of Michigan and his B.S. in Mathematics from Colorado State University.

We believe that Mr. Renton's extensive industry experience and board memberships provide him with the qualifications and skills to serve on our board of directors.

John P. Schmid has served as a member of our board of directors since June 2015. Mr. Schmid served as Chief Financial Officer of Auspex Pharmaceuticals, Inc. from September 2013 to June 2015. Before joining Auspex Pharmaceuticals, Mr. Schmid co-founded Trius Therapeutics, Inc., a publicly traded biopharmaceutical company, where he served as the Chief Financial Officer from June 2004 until its merger with Cubist Pharmaceuticals, Inc., in September 2013. Before he joined Trius Therapeutics, Inc., Mr. Schmid served as the Chief Financial Officer at GeneFormatics, Inc., a private biotechnology company, from 1998 to 2003, and at Endonetics, Inc., a private medical device company, from 1995 to 1998. Mr. Schmid currently serves a member of the board of directors of Neos Therapeutics, Inc., a pharmaceutical company, and as the chairman of the board of directors of Speak, Inc., a speakers bureau, which he helped found in 1989. Mr. Schmid received his M.B.A. from the University of San Diego and his B.A. from Wesleyan University.

We believe that Mr. Schmid's extensive industry experience and executive positions at multiple biopharmaceutical companies qualify him to serve on our board of directors.

James N. Topper, M.D., Ph.D. has served as a member of our board of directors since November 2007. Dr. Topper has been a partner with Frazier Healthcare since August 2003, serving as General Partner since 2005. Before joining Frazier Healthcare, Dr. Topper served as head of the Cardiovascular Research and Development Division of Millennium Pharmaceuticals, Inc. and ran Millennium San Francisco (formerly COR Therapeutics, Inc.) from 2002 until 2003. Before the merger of COR and Millennium in 2002, Dr. Topper served as the Vice President of Biology at COR from August 1999 to February 2002. Dr. Topper has served on numerous boards of directors, including Amicus Therapeutics, Inc. and Portola Pharmaceuticals, Inc. Dr. Topper received his M.D. and Ph.D. in biophysics from Stanford University and his B.S. in biology from the University of Michigan.

We believe that Dr. Topper's experience overseeing Frazier Healthcare investments in biotechnology, senior-management experience in our industry, significant knowledge of medical and scientific matters affecting our business, and understanding of our industry provide him with the qualifications and skills to serve on our board of directors.

Election of Officers

Our executive officers are appointed by, and serve at the discretion of, our board of directors. There are no family relationships among any of our directors or executive officers.

Code of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior officers. The full text of our code of conduct will be posted on the investor relations section of our website. The reference to our website address in this prospectus does not include or incorporate by reference the information on our website into this prospectus. We intend to disclose future amendments to certain provisions of our code of conduct, or waivers of these provisions, on our website or in public filings.

Board Composition

Our business and affairs are organized under the direction of our board of directors, which currently consists of seven members. Our current certificate of incorporation and a voting agreement by and among us and certain of our investors provide for up to seven directors, of which (i) up to two directors are designated by holders of our Series B, Series B-1 and Series B-2 Preferred Stock, voting together as a single class on an as-converted basis, (ii) one director is designed by holders of our common stock, voting as a separate class and (iii) all remaining directors are designated by the holders of our common stock and convertible preferred stock, voting together as a single class on an as-converted basis. Drs. Aynechi and Topper are the current designees of holders of our Series B, Series B-1 and Series B-2 convertible preferred stock, voting together as a single class on an as-converted basis. Mr. Suria is the current designee of holders of our common stock. Dr. Gallagher, Dr. Lydon, Mr. Renton and Mr. Schmid are the current designees of holders of our common stock and convertible preferred stock, voting together as a single class on an as-converted basis.

The voting agreement and the provisions of our certificate of incorporation that govern the election and designation of our directors will terminate in connection with our initial public offering, after which no contractual obligations will concern the election of our directors. Each of our current directors will continue to serve until the election and qualification of his or her successor, or until his or her earlier death, resignation or removal.

Classified Board of Directors

Upon completion of this offering, our board of directors will be divided into three staggered classes of directors. At each annual meeting of stockholders, a class of directors will be subject to re-election for a three-year term. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our directors will be divided among the three classes as follows:

- the Class I directors will be Dr. Gallagher and Dr. Topper and their terms will expire at the annual meeting of stockholders to be held in 2016;
- the Class II directors will be Mr. Suria and Dr. Lydon and their terms will expire at the annual meeting of stockholders to be held in 2017; and
- the Class III directors will be Mr. Renton and Mr. Schmid and their terms will expire at the annual meeting of stockholders to be held in 2018.

Each director's term continues until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. Our restated certificate of incorporation and restated bylaws that will be in effect upon the closing of this offering authorize only our board of directors to fill vacancies on our board of directors. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company. See "Description of Capital Stock—Anti-Takeover Provisions—Restated Certificate of Incorporation and Restated Bylaw Provisions."

Director Independence

In connection with this offering, we have applied to list our common stock on the NASDAQ Global Market. Under the rules of the NASDAQ Stock Market, or NASDAQ, independent directors must comprise a majority of a listed company's board of directors within a specified period of the closing of this offering. In addition, the rules of NASDAQ require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating and corporate governance committees be independent. Under the rules of NASDAQ, a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries. We intend to satisfy the audit committee independence requirements of Rule 10A-3 as of the closing of this initial public offering. Additionally, compensation committee members must not have a relationship with us that is material to the director's ability to be independent from management in connection with the duties of a compensation committee member.

Our board of directors has undertaken a review of the independence of each director and considered whether each director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, our board of directors determined that all of our directors, except for Mr. Suria, are "independent directors" as defined under the applicable rules and regulations of the Securities and Exchange Commission, or SEC, and the listing requirements and rules of NASDAQ.

Committees of the Board of Directors

Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee, each of which will have the composition and responsibilities described below as of the closing of our initial public offering. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

Our audit committee is comprised of Dr. Gallagher, Mr. Schmid and Dr. Topper. Mr. Schmid is the chairman of our audit committee. The composition of our audit committee meets the requirements for independence under the current NASDAQ and SEC rules and regulations. In addition, our board of directors has determined that Mr. Schmid is an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K promulgated under the Securities Act. This designation does not impose on him any duties, obligations or liabilities that are greater than are generally imposed on members of our audit committee and our board of directors. Our audit committee is directly responsible for, among other things:

- selecting a firm to serve as the independent registered public accounting firm to audit our financial statements;
- ensuring the independence of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and that firm, our interim and year-end operating results;
- establishing procedures for employees to anonymously submit concerns about questionable accounting or audit matters;
- considering the adequacy of our internal controls;
- reviewing material related party transactions or those that require disclosure; and
- approving or, as permitted, pre-approving all audit and non-audit services to be performed by the independent registered public accounting firm.

Compensation Committee

Our compensation committee is comprised of Dr. Gallagher and Dr. Lydon. Dr. Gallagher is the chairperson of our compensation committee. Each member of this committee is a non-employee director, as defined by Rule 16b-3 promulgated under the Exchange Act, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code of 1984, as amended, or the Code, and meets the requirements for independence under the current NASDAQ listing standards and SEC rules and regulations. Our compensation committee is responsible for, among other things:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- reviewing and recommending to our board of directors the terms of any compensatory agreements with our executive officers;
- administering our stock and equity incentive plans;
- reviewing and approving, or making recommendations to our board of directors with respect to, incentive compensation and equity plans; and
- reviewing our overall compensation philosophy.

Nominating and Governance Committee

Our nominating and governance committee is comprised of Dr. Gallagher, Mr. Renton and Dr. Topper. Mr. Renton is the chairman of our nominating and governance committee. Each member of the Committee meets the requirements for independence under the current NASDAQ listing standards. Our nominating and governance committee is responsible for, among other things:

- identifying and recommending candidates for membership on our board of directors;
- recommending directors to serve on board committees;

- reviewing and recommending our corporate governance guidelines and policies;
- evaluating, and overseeing the process of evaluating, the performance of our board of directors and individual directors; and
- assisting our board of directors on corporate governance matters.

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a member of our board of directors, or as a member of our compensation or similar committee, of any entity that has one or more executive officers who served on our board of directors or compensation committee during the year ended December 31, 2014. Prior to establishing the compensation committee, our full board of directors made decisions relating to the compensation of our officers. For a description of transactions between us and members of our compensation committee and affiliates of such members, please see "Certain Relationships and Related Party Transactions."

Non-Employee Director Compensation

The following table presents the total compensation earned or paid in the year ended December 31, 2014, for each member of our board of directors, except for our President and Chief Executive Officer, Mr. Suria, who receives no additional compensation for his service as a director. Other than as described below, none of our non-employee directors received any fees or reimbursement of any expenses (other than customary expenses in connection with the attendance of meetings of our board of directors) or any equity or non-equity awards in the year ended December 31, 2014.

Name	Fees Earned or Paid in Cash ($)(1)	Option Awards(2)(3)(4) ($)	All Other Compensation(5) ($)	Total ($)
Carol G. Gallagher, Pharm.D.	$ 50,000	—	—	$50,000
Nicholas B. Lydon, Ph.D., FRS	$ —	$ 35,454	$ 50,000	$85,454

(1) Dr. Gallagher was paid a $50,000 annual retainer fee.

(2) Dr. Lydon was granted an early-exercisable stock-option award on July 11, 2014 under our 2006 Equity Incentive Plan to purchase up to 239,000 shares of our common stock at a per-share price of $0.10. 1/4 of the shares underlying the option vest on January 1, 2015, and, thereafter, 1/48 of the underlying shares vest on the first day of each succeeding calendar month, starting February 1, 2015.

(3) The amount reported in this column represents the aggregate grant date fair value of stock options as computed in accordance with FASB ASC Topic 718. The amounts reported in this column reflect the accounting cost for these stock options, and do not correspond to the actual economic value that may be received by the non-employee directors from the awards. The assumptions used in calculating the grant date fair value of the stock options reported in this column are set forth in Note 8 to our financial statements.

(4) The following table sets forth information on stock options granted to non-employee directors in 2014 and the aggregate number of shares of our common stock subject to outstanding stock options held by our non-employee directors as of December 31, 2014:

Director Name	Number of Shares Underlying Stock Options Granted in 2014	Number of Shares Underlying Stock Options Held as of December 31, 2014
Carol G. Gallagher, Pharm.D.	—	684,057
Nicholas B. Lydon, Ph.D., FRS	239,000	478,420

(5) Granite Biopharma, LLC was paid $50,000 pursuant to a Therapeutic Advisory Agreement entered into on April 1, 2014 between Granite Biopharma, LLC and us. Dr. Lydon is the sole member of Granite Biopharma, LLC.

In September 2015, our board of directors approved a non-employee director compensation policy, which will take effect following the completion of this offering. Pursuant to this policy, each of our non-employee directors will receive an annual retainer of $40,000. Additionally, a lead independent director will receive an additional annual payment of $20,000; the chairperson of our board of directors will receive an additional annual payment of $15,000 when a lead independent director is also serving and $30,000 when no lead independent director is serving; the chairpersons of our audit, compensation and nominating and corporate governance committees will receive an additional annual payment of $15,000, $10,000 and $7,500, respectively; and the members of our audit, compensation and nominating and corporate governance committees will receive an additional annual payment of $7,500, $5,000 and $3,750, respectively.

Each of our non-employee directors will also receive an annual option to purchase 100,000 shares of common stock, which will vest in a single installment 12 months after the grant date, subject to the applicable director's continuous service through such date. Additionally, new non-employee directors will receive upon election to our board of directors, an option to purchase 200,000 shares of common stock, which will vest in 36 equal monthly installments after the grant date, subject to the applicable director's continuous service through such date. The exercise price of such grants will be the fair market value as of the grant date.

EXECUTIVE COMPENSATION

The following tables and accompanying narrative disclosure set forth information about the compensation provided to our executive officers during the year ended December 31, 2014. These executive officers, who include our principal executive officer and the two most highly-compensated executive officers (other than our principal executive officer) who were serving as executive officers as of December 31, 2014, the end of our last completed fiscal year, were:

- Hamza Suria, President, Chief Executive Officer and Director;
- David King, our former Chief Scientific Officer; and
- Marco Londei, Chief Development Officer.

We refer to these individuals in this section as our "named executive officers."

Summary Compensation Table

The following table presents summary information regarding the total compensation for services rendered in all capacities that was awarded to and earned by our named executive officers during the year ended December 31, 2014.

Name and Principal Position	Fiscal Year	Salary	Bonus(1)	Option Awards(2)	All Other Compensation	Total
Hamza Suria *President and Chief Executive Officer*	2014	$ 326,759	$ 166,000	$ 53,831	$ —	$ 546,590
David King, Ph.D.(3) *Former Chief Scientific Officer*	2014	$ 297,413	$ 60,000	$ —	$ —	$ 357,413
Marco Londei, M.D.(4) *Chief Development Officer*	2014	$ 66,410	$ 16,541	$ 167,147	$ 28,657(5)	$ 278,755

(1) The amounts reported in this column represent bonuses awarded at the discretion of our board of directors.

(2) The amounts reported in this column represent the aggregate grant-date fair value of the awards granted under our 2006 Equity Incentive Plan to our named executive officers during the year ended December 31, 2014, as computed in accordance with FASB ASC Topic 718. The assumptions used in calculating the grant date fair value of the awards reported in the Stock Option Awards column are set forth in Note 8 to our financial statements. Note that the amounts reported in this column reflect the aggregate accounting cost for these awards, and do not necessarily correspond to the actual economic value that may be received by the named executive officers from the awards.

(3) Dr. King's employment as our Chief Scientific Officer terminated as of April 30, 2015.

(4) Reflects Dr. Londei's salary from the commencement of his employment on September 26, 2014, through December 31, 2014.

(5) Reflects reimbursements paid to, or on behalf of, Dr. Londei during the year ended December 31, 2014, consisting of (a) $28,011 for temporary housing and moving expenses, including tax gross-up with respect to temporary housing payments and (b) $646 for travel expenses.

Employment Agreements

The initial terms and conditions of employment of each of Mr. Suria and Drs. Londei and King were set forth in written employment agreements. Each of these arrangements was approved by our board of directors. We believed these employment agreements were necessary to induce these individuals to forego other employment opportunities or leave their current employer for the uncertainty of a demanding position in a new and unfamiliar organization.

Mr. Suria's Employment Agreement

Pursuant to an employment agreement effective as of January 1, 2012 and amended October 9, 2012 and September 16, 2014, or collectively the Suria Employment Agreement, Mr. Suria serves as our President and Chief Executive Officer. The Suria Employment Agreement sets forth the principal terms and conditions of his employment, including his initial annual base salary of $285,000 and an annual target cash bonus opportunity of 25% of his base salary, subject to pro rata adjustment for any partial years worked, which bonus is earned based on our achievement of specified milestones and performance objectives, as well as Mr. Suria's performance relative to one or more performance objectives established by Mr. Suria, our compensation committee and our board of directors, the achievement of which is evaluated by us. The Suria Employment Agreement provided for the grant of a time-based stock option to purchase up to 1,499,684 shares of our common stock under our 2006 Equity Incentive Plan. The Suria Employment Agreement also provided for the grant of a performance-based stock option to purchase up to 684,056 shares of our common stock under our 2006 Equity Incentive Plan, all of which would vest immediately in the event of a change of control or qualified initial public offering. These options were granted with an exercise price equal to the fair value of our common stock on the date of grant and vest over four years as described in more detail in "—Outstanding Equity Awards at Fiscal Year-End Table" below. Mr. Suria's employment is at will and may be terminated at any time, with or without cause. However, pursuant to the terms of the Suria Employment Agreement, Mr. Suria will be entitled to severance benefits upon a qualifying termination of employment as described in "—Potential Payments upon IPO, Termination or Change in Control" below.

Dr. King's Employment Agreement

Pursuant to an Employment Agreement effective as of January 1, 2012 and amended October 4, 2012, or collectively the King Employment Agreement, Dr. King served as our Chief Scientific Officer until April 30, 2015. Effective on May 1, 2015, Dr. King joined our Scientific Advisory Board as a consultant pursuant to a consulting agreement dated May 1, 2015, or the King Consulting Agreement. The King Consulting Agreement sets forth the principal terms and conditions of his consulting position and provides that as compensation for his services, all of Dr. King's options will continue to vest during his term as a consultant.

Because Dr. King remained an employee as of December 31, 2014, we are including a description of the King Employment Agreement even though it is no longer in effect. The King Employment Agreement set forth the principal terms and conditions of his employment, including his initial annual base salary of $275,000 and an annual target cash bonus opportunity of 20% of his base salary, subject to pro rata adjustment for any partial years worked, which bonus is earned based on our achievement of specified milestones and performance objectives, as well as Dr. King's performance relative to one or more performance objectives established by Dr. King, our compensation committee and our board of directors, the achievement of which is evaluated by us. Dr. King's employment was at will and could be terminated at any time, with or without cause. However, pursuant to the terms of the King Employment Agreement, Dr. King was entitled to severance benefits upon a qualifying termination of employment as described in "—Potential Payments upon IPO, Termination or Change in Control" below. Dr. King received 9 months of severance benefits upon his termination under the King Employment Agreement.

Dr. Londei's Employment Agreement

Pursuant to an employment agreement effective as of October 20, 2014, or the Londei Employment Agreement, Dr. Londei serves as our Chief Development Officer. The Londei Employment Agreement sets forth the principal terms and conditions of his employment, including his initial annual base salary of $350,000 and an annual target cash bonus opportunity of 25% of his base salary, which bonus is earned based on our achievement of specified milestones and performance objectives, as well as Dr. Londei's performance relative to one or more performance objectives established by Dr. Londei, our compensation committee and our board of directors, the achievement of which is evaluated by us. Likewise, the Londei Employment Agreement provides for additional discretionary performance-based bonuses. The Londei Employment Agreement provides for the grant of a time-based stock option to purchase 1,126,756 shares of our common stock under our 2006 Equity Incentive Plan.

This option was granted with an exercise price equal to the fair value of our common stock on the date of grant and vests over four years as described in more detail in "—Outstanding Equity Awards at Fiscal Year-End Table" below. Dr. Londei's employment is at will and may be terminated at any time, with or without cause. However, pursuant to the terms of the Londei Employment Agreement, Dr. Londei will be entitled to severance benefits upon a qualifying termination of employment as described in "—Potential Payments upon IPO, Termination or Change in Control" below.

Outstanding Equity Awards at Fiscal Year-End Table

The following table presents, for each of the named executive officers, information regarding outstanding stock options held as of December 31, 2014.

		Option Awards		
Name	Grant Date(1)	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price ($)	Option Expiration Date
Hamza Suria(2)	12/9/2008	157,000	$ 0.37	12/8/2018
	2/10/2010	10,000	$ 0.32	2/9/2020
	2/24/2011	43,457	$ 0.23	2/23/2021
	12/9/2011	986,642	$ 0.16	12/8/2021
	2/1/2012	684,056	$ 0.16	1/31/2022
	2/1/2012	513,042	$ 0.16	1/31/2022
	12/17/2012	135,978	$ 0.13	12/16/2022
	9/16/2014	362,880	$ 0.10	9/15/2024
David King, Ph.D.(3)	12/9/2008	175,000	$ 0.37	12/8/2018
	2/10/2010	10,000	$ 0.32	2/9/2020
	2/24/2011	25,457	$ 0.23	2/23/2021
	12/9/2011	986,642	$ 0.16	12/8/2021
	12/17/2012	135,978	$ 0.13	12/16/2022
Marco Londei, M.D.(4)	10/28/2014	1,126,756	$ 0.10	10/27/2024

(1) All stock-option awards have been granted under our 2006 Equity Incentive Plan. Except where otherwise noted, the underlying shares of each option vest over four years, with 1/4 of the underlying shares vesting on the first calendar anniversary of the grant date and, thereafter, 1/48 of the underlying shares vest on the same day of each succeeding calendar month, subject to the optionee's employment through each applicable vesting date, such that 100% of the underlying shares will have vested on the fourth calendar anniversary of the grant date. See "—2006 Equity Incentive Plan" below for a description of the plan.

(2) These options are early-exercisable, so they are exercisable as to all the underlying shares. (i) All the shares underlying the options granted on December 9, 2008, February 10, 2010, and February 24, 2011 have fully vested; (ii) of the 986,642 shares underlying the option granted on December 9, 2011, 1/4 vested on December 9, 2012, and thereafter, 1/48 vest on the ninth day of each succeeding calendar month, starting January 9, 2013, provided that if Mr. Suria is terminated without Cause or resigns for Good Reason (as each is defined in his option agreement) in connection with a Change in Control (as defined in the 2006 Equity Incentive Plan), then all of the shares underlying the option shall vest at that time; (iii) of the 684,056 shares underlying an option granted on February 1, 2012, all vest only upon a Change in Control (as defined in the 2006 Equity Incentive Plan) or Qualified IPO (as defined in our restated certificate of incorporation) that is approved by our board of directors, subject to Mr. Suria's employment on such date; (iv) of the 513,042 shares underlying the option granted on February 1, 2012, 1/4 vested on January 1, 2013, and thereafter, 1/48 vest on the first day of each succeeding calendar month, starting February 1, 2013, provided that if Mr. Suria is terminated without Cause or resigns for Good Reason (as each is defined in his option agreement) in connection with a Change in Control (as defined in the 2006 Equity Incentive Plan), then all

of the shares underlying the option shall vest at that time; (v) of the 135,978 shares underlying the option granted on December 17, 2012, 1/4 vested on December 17, 2013, and thereafter, 1/48 vest on the seventeenth day of each succeeding calendar month, starting January 17, 2014; and (vi) of the 362,880 shares underlying the option granted on September 16, 2014, 1/4 vest on September 16, 2015, and 1/48 vest on the sixteenth day of each succeeding calendar month, starting October 16 2015.

(3) These options are early-exercisable, except for the option granted on December 9, 2008. The options vest as to their underlying shares as follows: (i) the shares underlying the options granted on December 9, 2008, February 10, 2010, and February 24, 2011 have fully vested; (ii) of the 986,642 shares underlying the option granted on December 9, 2011, 1/4 vested on December 9, 2012, and thereafter, 1/48 vest on the ninth day of each succeeding calendar month, starting January 9, 2013, provided that if Dr. King is terminated without Cause or resigns for Good Reason (as each is defined in his option agreement) in connection with a Change in Control (as defined in the 2006 Equity Incentive Plan), then all of the shares underlying the option shall vest at that time; and (iv) of the 135,978 shares underlying the option granted on December 17, 2012, 1/4 vested on December 17, 2013, and, thereafter, 1/48 vest on the seventeenth day of each succeeding calendar month, starting January 17, 2014. Dr. King's employment was terminated on April 30, 2015, and he joined our Scientific Advisory Board as a consultant on May 1, 2015. Pursuant to the terms of his consulting agreement these options continue to vest according to the schedules detailed above.

(4) These options are early-exercisable. The options vest as to their underlying shares as follows: 1/4 of the shares vest on October 24, 2015, and 1/48 vest on the 24th day of each succeeding calendar month, starting November 24, 2015, provided that if Dr. Londei is terminated without Cause or resigns for Good Reason (as each is defined in his option agreement) in connection with a Change in Control (as defined in the 2006 Equity Incentive Plan), then all of the shares underlying the option shall vest at that time.

Potential Payments upon IPO, Termination or Change in Control

IPO

Pursuant to the Suria Employment Agreement, his option granted on February 1, 2012 will vest in full upon a Change in Control (as defined in the 2006 Equity Incentive Plan) or Qualified IPO (as defined in our restated certificate of incorporation) that is approved by our board of directors, subject to Mr. Suria's employment on such date.

Termination

Pursuant to the Suria Employment Agreement, the King Employment Agreement and the Londei Employment Agreement, in the event that Mr. Suria, Dr. King or Dr. Londei is terminated without "Cause" or resigns for "Good Reason" (each as defined in the applicable employment agreement), provided that each delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) each will receive continued severance payments for 12 months, nine months and nine months, respectively and (ii) and if each elects continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA, we will pay directly to the insurance provider of our group health plans, the monthly premium for such continuation coverage, for 12 months, nine months and nine months, respectively, or such earlier date on which coverage with a new employer is obtained.

Dr. King's employment terminated on April 30, 2015; nine months of severance benefits were paid to him upon his termination, including six months of COBRA premiums, pursuant to a Release and Waiver of Claims between Dr. King and us. Dr. King's consulting agreement does not provide for severance benefits.

Change in Control

Pursuant to the Suria Employment Agreement and certain of his outstanding stock option agreements, if we experience a change in control and Mr. Suria is terminated without "cause" or resigns for "good reason" (each as defined in the employment agreement) upon the occurrence of or within 13 months following such change in

control, and provided that Mr. Suria delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) Mr. Suria will receive the continued severance payments and COBRA premiums described above for 12 months and (ii) certain of his currently outstanding stock options will vest in full as described in more detail in "—Outstanding Equity Awards at Fiscal Year-End Table" above.

In addition, Mr. Suria's option granted on February 1, 2012, will vest in full upon a change in control, subject to Mr. Suria's employment on such date.

Pursuant to the King Employment Agreement and certain of his outstanding stock option agreements, if we experience a change in control and Dr. King is terminated without "cause" or resigns for "good reason" (each as defined in the employment agreement) upon the occurrence of or within 13 months following such change in control, and provided that Dr. King delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, Dr. King will receive the severance payments and COBRA premiums described above for nine months.

As noted above, Dr. King had his employment terminated on April 30, 2015 and he is being paid nine months of severance pursuant to the King Employment Agreement; however, in connection with his consulting services, his stock options remain outstanding and continue to be eligible for the vesting acceleration provisions described above.

Pursuant to the Londei Employment Agreement, if we experience a change in control and Dr. Londei is terminated without "cause" or resigns for "good reason" (each as defined in the employment agreement or applicable option agreement) upon the occurrence of or within 13 months following such change in control, and provided that Dr. Londei delivers a signed settlement and general release in favor of us and satisfies all conditions to make such release effective, (i) Dr. Londei will receive the severance payments and COBRA premiums described above for nine months and (ii) each of his currently outstanding stock options will vest in full.

Each employment agreement contains a "better after-tax" provision, which provides that if any of the payments to Mr. Suria, Dr. King or Dr. Londei, respectively, constitutes a parachute payment under Section 280G of the Code, the payments will either be (i) reduced or (ii) provided in full to the executive, whichever results in the executive receiving the greater amount after taking into consideration the payment of all taxes, including the excise tax under Section 4999 of the Code, in each case based upon the highest marginal rate for the applicable tax.

Employee Benefit and Stock Plans

2006 Equity Incentive Plan

Our 2006 Equity Incentive Plan was adopted by our board of directors on April 24, 2006 and approved by our stockholders on May 26, 2006, and was most recently amended by our board of directors on July 11, 2014 and approved by our stockholders on April 29, 2015.

The 2006 Equity Incentive Plan provides for the grant of both incentive stock options, which qualify for favorable tax treatment to their recipients under Section 422 of the Code, and nonstatutory stock options, as well as for the issuance of shares of restricted stock and stock appreciation rights. We may grant incentive stock options only to our employees, including officers and directors who are also employees. We may grant nonstatutory stock options to our employees, officers, directors and consultants. We have only granted stock options under our 2006 Equity Incentive Plan.

Our 2006 Equity Incentive Plan is administered by our board of directors. Our board of directors has the authority to construe and interpret our 2006 Equity Incentive Plan, grant awards, determine the terms of such awards and make all other determinations necessary or advisable for the administration of the plan. Subject to the terms of our 2006 equity incentive plan and the consent of any adversely affected participant, our board of directors also has the authority to reduce the exercise or strike price of any outstanding stock option or stock appreciation right, cancel any outstanding stock option or stock appreciation right in exchange for a new stock option or stock appreciation right, or take any other action that is treated as a repricing under generally accepted accounting principles.

The exercise price of each stock option must be at least equal to the fair market value of our common stock on the date of grant. The exercise price of incentive stock options granted to 10% stockholders must be at least equal to 110% of the fair market value of our common stock on the date of grant. The maximum permitted term of options granted under our 2006 Equity Incentive Plan is ten years, except that the maximum permitted term of incentive stock options granted to 10% stockholders is five years.

Options granted under our 2006 Equity Incentive Plan generally vest over a four-year period based on employment through certain vesting dates. Options granted under our 2006 Equity Incentive Plan may not be transferred in any manner other than by will or by the laws of descent and distribution or as determined by our board of directors. Unless otherwise permitted by our board of directors, stock options may be exercised during the lifetime of the optionee only by the optionee or the optionee's guardian or legal representative. Options granted under our 2006 Equity Incentive Plan generally may be exercised for a period of three months after the termination of the optionee's service to us for any reason other than due to death or disability, for a period of 12 months in the case of death, and 18 months in the case of disability, or such longer period as our board of directors may provide.

In the event of a corporate transaction (as defined in the 2006 Equity Incentive Plan), the 2006 Equity Incentive Plan provides that awards may be assumed, continued or substituted by the successor or acquiring entity. If any surviving or acquiring corporation fails to assume, continue or substitute such stock awards, stock awards held by participants whose continuous service has not terminated will accelerate vesting in full prior to the corporate transaction. All stock awards will terminate at or prior to the corporate transaction. In addition, our board may also provide, in its sole discretion, that the holder of a stock award that will terminate upon the occurrence of a corporate transaction will receive a payment, if any, equal to the excess of (1) the value of the property the participant would have received upon exercise of the stock award over (2) the exercise price otherwise payable in connection with the stock award.

As of June 30, 2015, we had reserved 14,104,420 shares of our common stock for issuance under our 2006 Equity Incentive Plan. As of June 30, 2015, options to purchase 1,871,130 of these shares had been exercised, options to purchase 8,657,422 of these shares remained outstanding and 3,825,868 of these shares remained available for grant. Our board of directors approved a plan increase of 4,766,852 shares of common stock under our 2006 Equity Incentive Plan on July 9, 2015. The options outstanding as of June 30, 2015 had a weighted-average exercise price of $0.1870 per share. We will cease issuing awards under our 2006 Equity Incentive Plan upon the effective date of our 2015 Equity Incentive Plan. Our 2015 Equity Incentive Plan will be effective on the date immediately prior to the date of this prospectus. As a result, we will not grant any additional options under the 2006 Equity Incentive Plan following that date, and the 2006 Equity Incentive Plan will be terminated at that time. However, any outstanding options granted under the 2006 Equity Incentive Plan will remain outstanding, subject to the terms of our 2006 Equity Incentive Plan and stock option agreements, until such outstanding options are exercised or until they terminate or expire by their terms.

2015 Equity Incentive Plan

We have adopted a 2015 Equity Incentive Plan that will become effective on the date immediately prior to the date of this prospectus and will serve as the successor to our 2006 Equity Incentive Plan. We reserved shares of our common stock to be issued under our 2015 Equity Incentive Plan. The number of shares reserved for issuance under our 2015 Equity Incentive Plan will increase automatically on January 1 of each of 2016 through 2025 by the number of shares equal to % of the aggregate number of outstanding shares of our common stock as of the immediately preceding December 31. However, our board of directors may reduce the amount of the increase in any particular year. In addition, the following shares will again be available for grant and issuance under our 2015 Equity Incentive Plan:

- shares subject to options or stock appreciation rights granted under our 2015 Equity Incentive Plan that cease to be subject to the option or stock appreciation right for any reason other than exercise of the option or stock appreciation right;

- shares subject to awards granted under our 2015 Equity Incentive Plan that are subsequently forfeited or repurchased by us at the original issue price;
- shares subject to awards granted under our 2015 Equity Incentive Plan that otherwise terminate without shares being issued;
- shares surrendered, cancelled or exchanged for cash or a different award (or combination thereof);
- shares of common stock reserved but not issued or subject to outstanding grants under our 2006 Equity Incentive Plan on the date of this prospectus will be available for grant and issuance under our 2015 Equity Incentive Plan;
- shares of common stock issuable upon the exercise of options or subject to other awards under our 2006 Equity Incentive Plan prior to the date of this prospectus that cease to be subject to such options or other awards by forfeiture or otherwise after the date of this prospectus will be available for grant and issuance under our 2015 Equity Incentive Plan;
- shares of common stock issued under our 2006 Equity Incentive Plan that are forfeited or repurchased by us after the date of this prospectus will be available for grant and issuance under our 2015 Equity Incentive Plan; and
- shares of common stock subject to awards under our 2006 Equity Incentive Plan that are used to pay the exercise price of an option or withheld to satisfy the tax withholding obligations related to any award will be available for grant and issuance under our 2015 Equity Incentive Plan.

Our 2015 Equity Incentive Plan authorizes the award of stock options, restricted stock awards, or RSAs, stock appreciation rights, or SARs, restricted stock units, or RSUs, performance awards and stock bonuses. No person will be eligible to receive more than shares in any calendar year under our 2015 Equity Incentive Plan other than a new employee of ours, who will be eligible to receive no more than shares under the plan in the calendar year in which the employee commences employment. No more than shares will be issued pursuant to the exercise of incentive stock options.

Our 2015 Equity Incentive Plan will be administered by our compensation committee, all of the members of which are outside directors as defined under applicable federal tax laws, or by our board of directors acting in place of our compensation committee. The compensation committee will have the authority to construe and interpret our 2015 Equity Incentive Plan, grant awards, determine the terms of such awards and make all other determinations necessary or advisable for the administration of the plan, including, but not limited to, repricing options or SARs without prior stockholder approval.

Our 2015 Equity Incentive Plan will provide for the grant of awards to our employees, directors, consultants, independent contractors and advisors, provided the consultants, independent contractors, directors and advisors are natural persons that render services not in connection with the offer and sale of securities in a capital-raising transaction. The exercise price of stock options must be at least equal to the fair market value of our common stock on the date of grant.

We anticipate that in general, options will vest over a four-year period. Options may vest based on time or achievement of performance conditions. Our compensation committee may provide for options to be exercised only as they vest or to be immediately exercisable with any shares issued on exercise being subject to our right of repurchase that lapses as the shares vest. The maximum term of options granted under our 2015 Equity Incentive Plan is ten years.

An RSA is an offer by us to sell shares of our common stock subject to restrictions, which may vest based on time or achievement of performance conditions. The price (if any) of an RSA will be determined by the compensation committee. Unless otherwise determined by the compensation committee at the time of award, vesting will cease on the date the participant no longer provides services to us and unvested shares will be forfeited to or repurchased by us.

SARs provide for a payment, or payments, in cash or shares of our common stock, to the holder based upon the difference between the fair market value of our common stock on the date of exercise and the stated exercise price up to a maximum amount of cash or number of shares. SARs may vest based on time or achievement of performance conditions.

RSUs represent the right to receive shares of our common stock at a specified date in the future, subject to forfeiture of that right because of termination of employment or failure to achieve certain performance conditions. If an RSU has not been forfeited, then on the date specified in the RSU agreement, we will deliver to the holder of the RSU whole shares of our common stock (which may be subject to additional restrictions), cash or a combination of our common stock and cash.

Performance shares are performance awards that cover a number of shares of our common stock that may be settled upon achievement of the pre-established performance conditions in cash or by issuance of the underlying shares. These awards are subject to forfeiture prior to settlement because of termination of employment or failure to achieve the performance conditions. No participant will be eligible to receive more than $ in performance awards in any calendar year.

Stock bonuses may be granted as additional compensation for service or performance and, therefore, will not be issued in exchange for cash.

In the event there is a specified type of change in our capital structure without our receipt of consideration, such as a stock split, appropriate adjustments will be made to the number of shares reserved under our 2015 Equity Incentive Plan, the maximum number of shares that can be granted in a calendar year and the number of shares and exercise price, if applicable, of all outstanding awards under our 2015 Equity Incentive Plan.

Awards granted under our 2015 Equity Incentive Plan may not be transferred in any manner other than by will or by the laws of descent and distribution or as determined by our compensation committee. Unless otherwise permitted by our compensation committee, stock options may be exercised during the lifetime of the optionee only by the optionee or the optionee's guardian or legal representative. Options granted under our 2015 Equity Incentive Plan generally may be exercised for a period of three months after the termination of the optionee's service to us for any reason other than for cause or due to death or disability, for a period of 12 months in the case of death or disability, or such longer period as our compensation committee may provide. Options generally terminate immediately upon termination of employment for cause.

In the event of a merger or consolidation, any and all outstanding awards may be assumed or replaced by the successor corporation. In the alternative, the successor corporation may substitute equivalent awards or provide substantially similar consideration to participants as was provided to stockholders. If the outstanding awards are not assumed, substituted or cashed out, the awards will expire upon the closing of the merger or consolidation; and our compensation committee may accelerate the vesting and exercisability (as applicable) of the awards in connection with the transaction. In the event of a merger or consolidation, the vesting of all awards granted to non-employee directors shall accelerate and such awards shall become exercisable (as applicable) in full.

Our 2015 Equity Incentive Plan will terminate ten years from the date our board of directors adopts the plan, unless it is terminated earlier by our board of directors. Our board of directors may amend or terminate our 2015 Equity Incentive Plan at any time. Our board of directors generally may amend our 2015 Equity Incentive Plan, without stockholder approval unless required by applicable law.

2015 Employee Stock Purchase Plan

We have adopted a 2015 Employee Stock Purchase Plan that will become effective on the date of this prospectus that will enable eligible employees to purchase shares of our common stock at a discount following the date of this offering. Purchases will be accomplished through participation in discrete offering periods. We

initially reserved shares of our common stock for issuance under our 2015 Employee Stock Purchase Plan. The number of shares reserved for issuance under our 2015 Employee Stock Purchase Plan will increase automatically on January 1st of each of the first fiscal years following the first offering date by the number of shares equal to the greater of % of the total outstanding shares of our common stock as of the immediately preceding December 31 (rounded to the nearest whole share) or the actual number of shares purchased under the 2015 Employee Stock Purchase Plan in the immediately preceding fiscal year. However, our board of directors or compensation committee may reduce the amount of the increase in any particular year. The aggregate number of shares issued over the term of our 2015 Employee Stock Purchase Plan will not exceed shares of our common stock. Our 2015 Employee Stock Purchase Plan is intended to qualify as an employee stock purchase plan under Section 423 of the Code.

Our compensation committee will administer our 2015 Employee Stock Purchase Plan. While our employees generally are eligible to participate in our 2015 Employee Stock Purchase Plan, our compensation committee may in its discretion elect to exclude employees who work less than 20 hours per week or less than five months in a calendar year. In addition, employees who are 5% stockholders, or would become 5% stockholders as a result of their participation in our 2015 Employee Stock Purchase Plan, are ineligible to participate in our 2015 Employee Stock Purchase Plan. We may impose additional restrictions on eligibility. Under our 2015 Employee Stock Purchase Plan, eligible employees will be able to acquire shares of our common stock by accumulating funds through payroll deductions. Our eligible employees will be able to select a rate of payroll deduction between % and % of their base cash compensation. The purchase price of the shares will be 85% of the lower of the fair market value of our common stock on the first day of an offering or on the date of purchase.

When the first purchase period commences, our employees who meet the eligibility requirements for participation in that purchase period will automatically be granted a nontransferable option to purchase shares in that purchase period. For subsequent purchase periods, new participants will be required to enroll in a timely manner. Once an employee is enrolled, participation will be automatic in subsequent purchase periods. Each purchase period will run for no more than months. An employee's participation automatically ends upon termination of employment for any reason.

Except for the first purchase period, each purchase period will be for six months (commencing each and). The first purchase period will begin upon the effective date of this offering and will end on , 2015.

No participant will have the right to purchase our shares in an amount, when aggregated with purchase rights under all our employee stock purchase plans that are also in effect in the same calendar years, that has a fair market value of more than $, determined as of the first day of the applicable purchase period, for each calendar year in which that right is outstanding. In addition, no participant will be permitted to purchase more than shares during any one purchase period or such lesser amount determined by our compensation committee. The purchase price for shares of our common stock purchased under our 2015 Employee Stock Purchase Plan will be % of the lesser of the fair market value of our common stock on (i) the first trading day of the applicable offering period or (ii) the last trading day of each purchase period in the applicable offering period.

If we experience a change in control transaction, each outstanding right to purchase shares under our 2015 Employee Stock Purchase Plan may be assumed or an equivalent option substituted by the successor corporation. In the event that the successor corporation refuses to assume or substitute the outstanding purchase rights, any offering period that commenced prior to the closing of the proposed change in control transaction will be shortened and terminated on a new purchase date. The new purchase date will occur prior to the closing of the proposed change in control transaction and our 2015 Employee Stock Purchase Plan will then terminate on the closing of the proposed change in control.

We will also have the right to amend or terminate our 2015 Employee Stock Purchase Plan at any time. Our 2015 Employee Stock Purchase Plan will terminate on the tenth anniversary of the last day of the first purchase period, unless it is terminated earlier by our board of directors.

401(k) Plan

We sponsor a retirement savings plan established January 1, 2007, that is intended to qualify for favorable tax treatment under Section 401(a) of the Code, and contains a cash or deferred feature that is intended to meet the requirements of Section 401(k) of the Code. Participants may make pre-tax and certain after-tax (Roth) salary deferral contributions to the plan from their eligible earnings up to the statutorily prescribed annual limit under the Code. Participants who are 50 years of age or older may contribute additional amounts based on the statutory limits for catch-up contributions. Participant contributions are held in trust as required by law. No minimum benefit is provided under the plan. An employee's interest in his or her salary deferral contributions is 100% vested when contributed. We have the ability to make discretionary contributions under the plan but have not done so to date.

Other Benefits

Our named executive officers are eligible to participate in our employee benefit plans on the same basis as our other employees, including our health and welfare plans.

Limitations on Liability and Indemnification Matters

Our restated certificate of incorporation that will become effective in connection with the closing of this offering contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by the Delaware General Corporation Law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our restated certificate of incorporation and our restated bylaws that will become effective in connection with the closing of this offering require us to indemnify our directors and officers to the maximum extent not prohibited by the Delaware General Corporation Law and allow us to indemnify other employees and agents as set forth in the Delaware General Corporation Law.

We have entered, and intend to continue to enter, into separate indemnification agreements with our directors, officers and certain of our key employees, in addition to the indemnification provided for in our restated certificate of incorporation and restated bylaws. These agreements, among other things, require us to indemnify our directors, officers and key employees for certain expenses, including attorneys' fees, judgments, penalties, fines and settlement amounts actually incurred by these individuals in any action or proceeding arising out of their service to us or any of our subsidiaries or any other company or enterprise to which these individuals provide services at our request. Subject to certain limitations, our indemnification agreements also require us to advance expenses incurred by our directors, officers and key employees for the defense of any action for which indemnification is required or permitted.

We believe that these indemnification provisions and agreements are necessary to attract and retain qualified directors, officers and key employees. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our restated certificate of incorporation and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors or executive officers as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We describe below transactions and series of similar transactions since January 1, 2012 to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, executive officers or beneficial holders of more than 5% of any class of our capital stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions to which we have been or will be a party other than compensation arrangements, which are described where required under "Executive Compensation."

Equity Financings

Series C-1 Preferred Stock Financing

In April 2014, we issued an aggregate of 3,318,054 shares of our Series C-1 convertible preferred stock at a purchase price of $0.65 per share, in exchange for the cancellation of secured convertible promissory notes originally issued in July 2013, which as of April 2014 had an aggregate principal and unpaid interest of $2.2 million.

The following table summarizes the Series C-1 convertible preferred stock issued to our executive officers, members of our board of directors and persons who hold more than 5% of our outstanding capital stock:

Name of Stockholder	Shares of Series C-1 Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Frazier Healthcare(1)	1,370,261	$ 890,670
Novo A/S(2)	1,370,261	890,670
Alloy Ventures 2005, L.P.	541,246	351,810
Hamza Suria(3)	5,469	3,555

(1) Represents shares held by Frazier Healthcare V, L.P., an affiliate of Frazier Healthcare Ventures. Dr. Topper, a member of our Board of Directors, is a General Partner of Frazier Healthcare and may be deemed to have voting and investment power with respect to these shares.
(2) Dr. Aynechi, a member of our board of directors, is employed as a Partner at Novo Ventures (US) Inc., which provides certain consultancy services to Novo A/S, and Dr. Aynechi has no beneficial ownership of or pecuniary interest in these shares.
(3) Mr. Suria is our President and Chief Executive Officer and is a member of our Board of Directors.

Each share of our Series C-1 convertible preferred stock will convert automatically into one share of our common stock upon the closing of this offering. The purchasers of our Series C-1 convertible preferred stock are entitled to specified registration rights, as described below under "Description of Capital Stock—Registration Rights."

Series D Preferred Stock Financing

In July 2015, we sold an aggregate of 38,436,851 shares of our Series D convertible preferred stock at a purchase price of $1.06 per share, for an aggregate cash purchase price of $40.8 million.

The following table summarizes the Series D convertible preferred stock purchased by our executive officers, members of our board of directors and persons who hold more than 5% of our outstanding capital stock:

Name of Stockholder	Shares of Series D Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Frazier Healthcare(1)	6,599,850	$ 6,999,999
Novo A/S(2)	4,714,179	$ 5,000,000
Nicholas B. Lydon, Ph.D., FRS(3)	471,417	$ 499,999
Carol G. Gallagher, Pharm.D.(4)	150,075	$ 159,174
Robert E. Hoffman(5)	47,141	$ 49,999
Hamza Suria(6)	14,142	$ 14,999
Marco Londei, M.D.(7)	14,142	$ 14,999

(1) Consists of shares held by Frazier Healthcare VII, L.P. and Frazier Healthcare VII-A, L.P., both affiliates of Frazier Healthcare. Dr. Topper, a member of our Board of Directors, is a General Partner of Frazier Healthcare and may be deemed to have voting and investment power with respect to these shares.
(2) Dr. Aynechi, a member of our board of directors, is employed as a Partner at Novo Ventures (US) Inc., which provides certain consultancy services to Novo A/S, and Dr. Aynechi has no beneficial ownership of or pecuniary interest in these shares.
(3) Dr. Lydon is a member of our Board of Directors.
(4) Dr. Gallagher is a member of our Board of Directors.
(5) Mr. Hoffman is our Chief Financial Officer.
(6) Mr. Suria is our President and Chief Executive Officer and is a member of our Board of Directors.
(7) Dr. Londei is our Chief Development Officer.

Each share of our Series D convertible preferred stock will convert automatically into one share of our common stock upon the closing of this offering. The purchasers of our Series D convertible preferred stock are entitled to specified registration rights, as described below under “Description of Capital Stock—Registration Rights.”

Amended and Restated Investors’ Rights Agreement

We have entered into an amended and restated investors’ rights agreement with certain holders of our convertible preferred stock, including entities with which certain of our directors are affiliated. These stockholders are entitled to rights with respect to the registration of their shares following our initial public offering under the Securities Act. For a description of these registration rights, see “Description of Capital Stock—Registration Rights.”

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. The indemnification agreements, our restated certificate of incorporation and our restated bylaws will require us to indemnify our directors to the fullest extent not prohibited by Delaware law. Subject to certain limitations, our restated bylaws also require us to advance expenses incurred by our directors and officers. For more information regarding these agreements, see “Executive Compensation—Limitations on Liability and Indemnification Matters.”

Policies and Procedures for Related Party Transactions

We intend to adopt a written related person transactions policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of our common stock, and any members

of the immediate family of and any entity affiliated with any of the foregoing persons, are not permitted to enter into a material related person transaction with us without the review and approval of our audit committee, or a committee composed solely of independent directors in the event it is inappropriate for our audit committee to review such transaction due to a conflict of interest. We expect the policy to provide that any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of our common stock or with any of their immediate family members or affiliates in which the amount involved exceeds $120,000 will be presented to our audit committee for review, consideration and approval. In approving or rejecting any such proposal, we expect that our audit committee will consider the relevant facts and circumstances available and deemed relevant to the audit committee, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our common stock at August 31, 2015, and as adjusted to reflect the sale of common stock in this offering, for:

- each of our directors;
- each of our named executive officers;
- all of our current directors and executive officers as a group; and
- each person, or group of affiliated persons, who beneficially owned more than 5% of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Except as indicated by the footnotes below, we believe, based on information furnished to us, that the persons and entities named in the table below have sole voting and sole investment power with respect to all shares of common stock that they beneficially owned, subject to applicable community property laws.

Applicable percentage ownership is based on 98,469,542 shares of common stock outstanding as of August 31, 2015 and assumes (i) the automatic conversion of all outstanding shares of our convertible preferred stock into 80,645,051 shares of common stock as of immediately prior to the closing of this offering. For purposes of the table below, we have assumed that shares of common stock will be issued by us in our initial public offering. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed to be outstanding all shares of common stock subject to options held by that person or entity that are currently exercisable or that will become exercisable within 60 days of August 31, 2015. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o AnaptysBio, Inc., 10421 Pacific Center Court, Suite 200, San Diego, California 92121.

	Beneficial Ownership Prior to this Offering		Beneficial Ownership After this Offering	
Name of Beneficial Owner	**Number**	**Percent**	**Number**	**Percent**
5% Stockholders:				
Entities affiliated with Frazier Healthcare(1)	23,019,148	23.2%		%
Novo A/S(2)	21,133,477	21.3		
Avalon Ventures VII, L.P.(3)	15,080,916	15.2		
Alloy Ventures 2005, L.P.(4)	8,977,414	9.1		
Entities affiliated with Biotechnology Value Fund, L.P.(5)	7,074,203	7.2		
HBM Healthcare Investments (Cayman) Ltd.(6)	6,599,851	6.7		
Directors and Named Executive Officers:				
Hamza Suria(7)	2,928,051	2.9		
David King, Ph.D.(8)	1,333,077	1.3		
Marco Londei, M.D.(9)	1,140,898	1.1		
Tiba Aynechi, Ph.D.	—	—		
Carol G. Gallagher, Pharm.D.(10)	1,134,132	1.1		
Nicholas B. Lydon, Ph.D., FRS(11)	2,229,189	2.3		
Hollings Renton(12)	358,098	*		
John Schmid(13)	151,849	*		
James N. Topper, M.D., Ph.D.(1)	23,019,148	23.2		
All executive officers and directors as a group (ten persons)(14)	32,341,583	30.5		

* Represents beneficial ownership of less than one percent.

(1) Consists of (a) 15,598,651 shares of common stock following conversion of convertible preferred stock held directly by Frazier Healthcare V, L.P., (b) 5,136,185 shares of common stock following conversion of convertible preferred stock held directly by Frazier Healthcare VII, L.P., (c) 1,463,665 shares of common stock following conversion of convertible preferred stock held directly by Frazier Healthcare VII-A, L.P. and (d) 820,647 shares of common stock issuable upon the exercise of a warrant held directly by Frazier Healthcare V, L.P. The general partner of Frazier Healthcare V, L.P. is FHM V, L.P., a Delaware limited partnership. The general partner of FHM V, L.P. is FHM V, LLC, a Delaware limited liability company. The general partner of Frazier Healthcare VII, L.P. and Frazier Healthcare VII-A, L.P. is FHM VII, L.P., a Delaware limited partnership. The general partner of FHM VII, L.P. is FHM VII, LLC, a Delaware limited liability company Dr. Topper, a member of our Board of Directors, is a member of FHM V, LLC and FHM VII, LLC and may be deemed to have voting and investment power with respect to the shares held by FHM V, LLC and FHM VII, LLC.

(2) Consists of (a) 20,312,830 shares of common stock following conversion of convertible preferred stock held directly by Novo A/S and (b) 820,647 shares of common stock issuable upon the exercise of a warrants held directly by Novo A/S. The board of directors of Novo A/S, which is currently comprised of Sten Scheibye, Göran Ando, Jeppe Christiansen, Steen Riisgaard and Per Wold-Olsen, has shared voting and investment power with respect to these shares and may exercise such control only with the support of a majority of the board. As such, no individual member of the board is deemed to hold any beneficiary ownership in these shares. Dr. Aynechi, a member of our board of directors, is employed as a Partner at Novo Ventures (US) Inc., which provides certain consultancy services to Novo A/S, and Dr. Aynechi has no beneficial ownership of or pecuniary interest in these shares. The address of Novo A/S is Tuborg Havnevej 19, 2900 Hellerup, Denmark.

(3) Consists of (a) 14,258,530 shares of common stock held directly by Avalon Ventures VII, L.P. and (b) 822,386 shares of common stock issuable upon the exercise of a warrant held directly by Avalon Ventures VII, L.P. The general partner of Avalon Ventures II, L.P. is Avalon Ventures VII GP, LLC. The managing members of Avalon Ventures VII GP, LLC are Kevin J. Kinsella and Stephen L. Tomlin.

(4) Consists of 8,977,414 shares of common stock following conversion of convertible preferred stock held directly by Alloy Ventures 2005, L.P. The general partner of Alloy Ventures 2005, L.P. is Alloy Ventures 2005, LLC. The managing members of Alloy Ventures 2005, LLC are Craig Taylor, Doug Kelly John Shoch, Dan Rubin and Tony Di Bona.

(5) Consists of (a) 3,449,203 shares of common stock following conversion of convertible preferred stock held directly by Biotechnology Value Fund, L.P., (b) 1,974,000 shares of common stock following conversion of convertible preferred stock held directly by Biotechnology Value Fund II, L.P., (c) 637,000 shares of common stock following conversion of convertible preferred stock held directly by Investment 10, L.L.C. and (d) 1,014,000 shares of common stock following conversion of convertible preferred stock held directly by MSI BVF SPV, L.L.C.

(6) Represents 6,599,851 shares of common stock following conversion of convertible preferred stock held directly by HBM Healthcare Investments (Cayman) Ltd. The board of directors of HBM Healthcare Investments (Cayman) Ltd. has sole vesting and investment power with respect to the shares. The board of directors of HBM Healthcare Investments (Cayman) Ltd. is comprised of Jean-Mar Lesieur, Richard Coles, Sophia Harris, Dr. Andrea Wicki, Paul Woodhouse and John Urquhart, none of whom has individual voting or investment power with respect to the shares.

(7) Consists of (a) 34,996 shares of common stock following conversion of convertible preferred stock held directly by Mr. Suria and (b) 2,893,055 shares of common stock issuable to Mr. Suria upon the exercise of stock options that are exercisable within 60 days of August 31, 2015, of which 1,061,494 shares were unvested but were early exercisable, as of 60 days after August 31, 2015.

(8) Represents 1,333,077 shares of common stock issuable to Dr. King upon the exercise of stock options that are exercisable within 60 days of August 31, 2015, of which 80,772 shares were unvested but were early exercisable, as of 60 days after August 31, 2015.

(9) Consists of (a) 14,142 shares of common stock following conversion of convertible preferred stock held directly by Dr. Londei and (b) 1,126,756 shares of common stock issuable to Dr. Londei upon the exercise of stock options that are exercisable within 60 days of August 31, 2015, of which 845,067 shares were unvested but were early exercisable, as of 60 days after August 31, 2015.

(10) Consists of (a) 450,075 shares of common stock following conversion of convertible preferred stock held directly by Dr. Gallagher and (b) 684,057 shares of common stock issuable to Dr. Gallagher upon the exercise of stock options that are exercisable within 60 days of August 31, 2015.

(11) Consists of (a) 471,332 shares of common stock held directly by Dr. Lydon, (b) 1,425,385 shares of common stock following conversion of convertible preferred stock held directly by Dr. Lydon, (c) 115,384 shares of common stock issuable upon the exercise of a warrant held directly by Dr. Lydon and (d) 217,088 shares of common stock issuable to Dr. Lydon upon the exercise of stock options that are exercisable within 60 days of August 31, 2015, of which 143,998 shares were unvested but were early exercisable, as of 60 days after August 31, 2015.

(12) Represents 358,098 shares of common stock issuable to Mr. Renton upon the exercise of stock options that are exercisable within 60 days of August 31, 2015, of which 320,300 shares were unvested but were early exercisable, as of 60 days after August 31, 2015.

(13) Represents 151,849 shares of common stock issuable to Mr. Schmid upon the exercise of stock options that are exercisable within 60 days of August 31, 2015, of which 134,977 shares were unvested but were early exercisable, as of 60 days after August 31, 2015.

(14) Includes shares beneficially owned by our current executive officers and directors. Consists of (a) 471,332 shares of common stock, (b) 24,170,240 shares of common stock following conversion of convertible preferred stock, (c) 936,031 shares of common stock issuable upon the exercise of warrants and (d) 6,763,980 shares of common stock issuable upon the exercise of stock options that are exercisable within 60 days of August 31, 2015, of which 2,586,608 shares were unvested but early exercisable, as of 60 days after August 31, 2015.

DESCRIPTION OF CAPITAL STOCK

Upon the closing of this offering, our authorized capital stock will consist of 500,000,000 shares of common stock, $0.001 par value per share, and 10,000,000 shares of undesignated preferred stock, $0.001 par value per share. The following description summarizes the most important terms of our capital stock. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description, you should refer to our restated certificate of incorporation and restated bylaws, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.

Pursuant to the provisions of our certificate of incorporation all of the outstanding convertible preferred stock will automatically convert into common stock in connection with the closing of this offering. Assuming the effectiveness of this conversion as of June 30, 2015, there were 98,456,544 shares of our common stock issued, giving effect to the sale and issuance of 38,436,851 shares of Series D convertible preferred stock, held by approximately 54 stockholders of record, and no shares of our preferred stock outstanding. Our board of directors is authorized, without stockholder approval, to issue additional shares of our capital stock.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine. See “Dividend Policy” above.

Voting Rights

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. We have not provided for cumulative voting for the election of directors in our restated certificate of incorporation. Accordingly, pursuant to our restated certificate of incorporation that will be in effect upon the closing of this offering, holders of a majority of the shares of our common stock will be able to elect all of our directors. Our restated certificate of incorporation establishes a classified board of directors, to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Pursuant to the provisions of our certificate of incorporation, all of our outstanding convertible preferred stock will automatically convert into common stock, with such conversion to be effective in connection with the

closing of this offering. As a result, each currently outstanding share of convertible preferred stock will be converted into common stock. All series of convertible preferred stock will convert at a ratio of one share of common stock for each share of convertible preferred stock.

Following this offering, our board of directors will be authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights of the shares of each series and any of their qualifications, limitations or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Warrants

As of June 30, 2015, we had outstanding the following warrants to purchase shares of our capital stock:

Type of Capital Stock	Total Number of Shares Subject to Warrants	Exercise Price Per Share	Expiration Dates
Common Stock	822,386	$ 0.65	November 2018
Series C Preferred Stock	1,775,022	$ 0.65	November 2018
Series C Preferred Stock	288,462	$ 0.65	December 2024

Options

As of June 30, 2015, we had outstanding options to purchase an aggregate 8,657,422 shares of our common stock, with a weighted-average exercise price of $0.1870. Additional options to purchase 5,496,050 shares of our common stock, with an exercise price of $0.99 were granted between June 30, 2015 and August 31, 2015.

Registration Rights

Pursuant to the terms of our Amended and Restated Investor Rights Agreement, immediately following this offering, the holders of 98,456,544 shares of our common stock will be entitled to rights with respect to the registration of these shares under the Securities Act, as described below. We refer to these shares collectively as registrable securities.

Demand Registration Rights

Beginning 180 days after the closing of this offering, the holders of at least a majority of the then-outstanding registrable securities may make a written request to us for the registration of any of the registrable securities under the Securities Act. Within 30 days of such request, we are obligated provide written notice of such request to all stockholders to file a registration statement under the Securities Act covering all registrable securities that the initiating holders requested to be registered and any additional registrable securities requested to be included in such registration by any other holders. We are only required to file two registration statements that are declared effective upon exercise of these demand registration rights. We may postpone taking action with respect to such filing not more than once during any 12-month period for a total period of not more than 60 days if our board of directors determines in its good faith judgment that it would be seriously detrimental to us and our stockholders for such registration statement to be effected at such time.

Form S-3 Registration Rights

Any holder of then-outstanding registrable securities can request that we register all or part of their shares on Form S-3 if we are eligible to file a registration statement on Form S-3 and if the aggregate price to the public of the shares offered is at least $2,000,000. The stockholders may only require us to effect two registration statements on Form S-3 in a 12-month period. We may postpone taking action with respect to such filing once during any 12-month period for a total cumulative period of not more than 90 days if our board of directors determines in its good faith judgment that the filing would be materially detrimental to us and our stockholders.

Piggyback Registration Rights

In connection with this offering, holders of registrable securities were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their registrable securities in this offering. If we register any of our securities for public sale in another offering, holders of registrable securities will have the right to include their shares in the registration statement. However, this right does not apply to a registration relating to employee benefit plans, a registration relating to a corporate reorganization or a registration of only common stock issuable upon conversion of debt securities that are also being registered. We have the right to terminate any registration we have initiated before the effective date of such registration, whether or not any holder has elected to include registrable securities in such registration. The underwriters of any underwritten offering will have the right to limit the number of shares registered by these holders if they determine in good faith that marketing factors require limitation, in which case the number of shares to be registered will be apportioned pro rata among these holders, according to the total amount of securities entitled to be included by each holder, or in a manner mutually agreed upon by the holders. However, in any underwriting not in connection with an initial public offering, the number of shares to be registered by these holders cannot be reduced below 30% of the total shares covered by the registration statement.

Expenses of Registration Rights

We generally will pay all expenses, other than underwriting discounts and commissions.

Expiration of Registration Rights

The registration rights described above will expire, with respect to any particular holder of these rights, on the earlier of the fifth anniversary of the closing of this offering, a merger, consolidation, sale or disposition of our company or a sale by a holder of equity securities representing at least a majority of the voting power of our company, or when that holder can sell all of its registrable securities in a three-month period without restriction under Rule 144 of the Securities Act.

Anti-Takeover Provisions

The provisions of Delaware law, our restated certificate of incorporation and our restated bylaws, as we expect they will be in effect upon the closing of this offering, could have the effect of delaying, deferring or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date on which the person became an interested stockholder unless:

- Prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- The interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- At or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66.67% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction or series of transactions together resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Restated Certificate of Incorporation and Restated Bylaw Provisions

Our restated certificate of incorporation and our restated bylaws, as we expect they will be in effect upon the closing of this offering, include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our company, including the following:

- *Board of Directors Vacancies.* Our restated certificate of incorporation and restated bylaws will authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors is permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors but promotes continuity of management.
- *Classified Board.* Our restated certificate of incorporation and restated bylaws will provide that our board is classified into three classes of directors, each with staggered three-year terms. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors. See "Management—Board Composition."
- *Stockholder Action; Special Meetings of Stockholders.* Our restated certificate of incorporation will provide that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our restated bylaws or remove directors without holding a

meeting of our stockholders called in accordance with our restated bylaws. Further, our restated bylaws will provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our Chief Executive Officer or our President, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

- *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our restated bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our restated bylaws also will specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions might also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
- *No Cumulative Voting.* The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our restated certificate of incorporation and restated bylaws will not provide for cumulative voting.
- *Directors Removed Only for Cause.* Our restated certificate of incorporation will provide that stockholders may remove directors only for cause and only by the affirmative vote of the holders of at least two-thirds of our outstanding common stock.
- *Amendment of Charter Provisions.* Any amendment of the above expected provisions in our restated certificate of incorporation would require approval by holders of at least two-thirds of our outstanding common stock.
- *Issuance of Undesignated Preferred Stock.* Our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by merger, tender offer, proxy contest or other means.
- *Choice of Forum.* Our restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our restated certificate of incorporation or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine.

Transfer Agent and Registrar

Upon the closing of this offering, the transfer agent and registrar for our common stock will be American Stock Transfer and Trust Company, LLC. The transfer agent's address is 6201 15th Avenue, Brooklyn, New York 11219, and its telephone number is (800) 937-5449.

Exchange Listing

We have applied to list our common stock on the NASDAQ Global Market under the symbol "ANAB."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of our common stock, including shares issued upon exercise of outstanding options and warrants, in the public market following this offering could adversely affect market prices prevailing from time to time and could impair our ability to raise capital through the sale of our equity securities.

Upon the closing of this offering, we will have a total of shares of our common stock outstanding, based on the 98,456,544 shares of our capital stock outstanding as of June 30, 2015, assuming (i) the automatic conversion of all outstanding shares of our convertible preferred stock into 42,208,202 shares of common stock as of immediately prior to the closing of this offering, (ii) the sale and issuance of 38,436,851 shares of our Series D convertible preferred stock in a private placement by us in July 2015 and (iii) the automatic conversion of 38,436,851 shares of Series D convertible preferred stock into 38,436,851 shares of common stock immediately prior to the closing of this offering. Of these outstanding shares, all of the shares of common stock sold in this offering will be freely tradable, except that any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, could only be sold in compliance with Rule 144.

The remaining outstanding shares of our common stock will be deemed "restricted securities" as defined in Rule 144. Restricted securities may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 promulgated under the Securities Act, which rules are summarized below. In addition, substantially all of our security holders have entered into market standoff agreements with us or lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our stock for at least 180 days following the date of this prospectus, as described below. As a result of these agreements and the provisions of our amended and restated investors' rights agreement described above under "Description of Capital Stock—Registration Rights," subject to the provisions of Rule 144 or Rule 701, shares will be available for sale in the public market as follows:

- Beginning on the date of this prospectus, all of the shares sold in this offering will be immediately available for sale in the public market; and
- Beginning 181 days after the date of this prospectus, additional shares will become eligible for sale in the public market, of which shares will be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below, and shares will be unvested and subject to our right of repurchase.

Lock-Up/Market Standoff Agreements

All of our directors and officers and substantially all of our security holders are subject to lock-up agreements or market standoff provisions that prohibit them from offering for sale, selling, contracting to sell, granting any option for the sale of, transferring or otherwise disposing of any shares of our common stock, options or warrants to acquire shares of our common stock or any security or instrument related to our common stock, or entering into any swap, hedge or other arrangement that transfers any of the economic consequences of ownership of our common stock, for a period of 180 days following the date of this prospectus without the prior written consent of BMO Capital Markets Corp. and Stifel, Nicolaus & Company, Incorporated. See "Underwriting."

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of

the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up and market standoff agreements described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by that rule to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701.

Stock Options

As soon as practicable after the closing of this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act covering all of the shares of our common stock subject to outstanding options and the shares of our common stock reserved for issuance under our stock plans. However, the shares registered on Form S-8 may be subject to the volume limitations and the manner of sale, notice and public information requirements of Rule 144 and will not be eligible for resale until expiration of the lock-up and market standoff agreements to which they are subject. Of the 8,657,422 shares of our common stock that were subject to stock options outstanding as of June 30, 2015, options to purchase 4,794,791 shares of common stock were vested as of June 30, 2015. Shares of our common stock underlying outstanding options will not be eligible for sale until expiration of the 180 day lock-up and market standoff agreements to which they are subject.

Registration Rights

We have granted demand, piggyback and Form S-3 registration rights to certain of our stockholders to sell our common stock. Registration of the sale of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. For a further description of these rights, see “Description of Capital Stock—Registration Rights.”

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

This section summarizes the material U.S. federal income tax considerations relating to the acquisition, ownership and disposition of our common stock by "non-U.S. holders" (as defined below) pursuant to this offering. This summary does not provide a complete analysis of all potential U.S. federal income tax considerations relating thereto. The information provided below is based upon provisions of the Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions currently in effect. These authorities may change at any time, possibly retroactively, or the Internal Revenue Service, or IRS, might interpret the existing authorities differently. In either case, the tax considerations of owning or disposing of our common stock could differ from those described below. As a result, we cannot assure you that the tax consequences described in this discussion will not be challenged by the IRS or will be sustained by a court if challenged by the IRS.

This summary does not address the tax considerations arising under the laws of any non-U.S., state or local jurisdiction, or under U.S. federal gift and estate tax laws, except to the limited extent provided below. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- partnerships or entities or arrangements treated as partnerships or other pass-through entities for U.S. federal tax purposes (or investors in such entities);
- corporations that accumulate earnings to avoid U.S. federal income tax;
- persons subject to the alternative minimum tax or the Medicare contribution tax on net investment income;
- tax-exempt organizations or tax-qualified retirement plans;
- controlled foreign corporations or passive foreign investment companies;
- persons who acquired our common stock as compensation for services;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction;
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment purposes); or
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership or entity classified as a partnership or other pass-through entity for U.S. federal income tax purposes is a beneficial owner of our common stock, the tax treatment of a partner in the partnership or an owner of the entity will depend upon the status of the partner or other owner and the activities of the partnership or other entity. Accordingly, this summary does not address tax considerations applicable to partnerships that hold our common stock, and partners in such partnerships should consult their tax advisors.

INVESTORS CONSIDERING THE PURCHASE OF OUR COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE CONSEQUENCES OF FOREIGN, STATE OR LOCAL LAWS, AND TAX TREATIES.

Non-U.S. Holder Defined

For purposes of this summary, a "non-U.S. holder" is any holder of our common stock, other than a partnership, that is not:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state therein or the District of Columbia;
- a trust if it (i) is subject to the primary supervision of a U.S. court and one of more U.S. persons have authority to control all substantial decisions of the trust or (ii) has a valid election in effect under the applicable Treasury regulations to be treated as a U.S. person; or
- an estate whose income is subject to U.S. income tax regardless of source.

If you are a non-U.S. citizen who is an individual, you may, in many cases, be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For these purposes, all the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year are counted. Resident aliens are subject to U.S. federal income tax as if they were U.S. citizens. Such an individual is urged to consult his or her own tax advisor regarding the U.S. federal income tax consequences of the ownership or disposition of our common stock.

Dividends

We do not expect to declare or make any distributions on our common stock in the foreseeable future. If we do pay dividends on shares of our common stock, however, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that is applied against and reduces, but not below zero, a non-U.S. holder's adjusted tax basis in shares of our common stock. Any remaining excess will be treated as gain realized on the sale or other disposition of our common stock. See "—Sale of Common Stock."

Any dividend paid to a non-U.S. holder on our common stock that is not effectively connected with a non-U.S. holder's conduct of a trade or business in the United States will generally be subject to U.S. withholding tax at a 30% rate. The withholding tax might apply at a reduced rate, however, under the terms of an applicable income tax treaty between the United States and the non-U.S. holder's country of residence. You should consult your tax advisors regarding your entitlement to benefits under a relevant income tax treaty. Generally, in order for us or our paying agent to withhold tax at a lower treaty rate, a non-U.S. holder must certify its entitlement to treaty benefits. A non-U.S. holder generally can meet this certification requirement by providing a Form W-8BEN or Form W-8BEN-E (or any successor of such forms) or appropriate substitute form to us or our paying agent. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to the agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS in a timely manner.

Dividends received by a non-U.S. holder that are effectively connected with a U.S. trade or business conducted by the non-U.S. holder, and if required by an applicable income tax treaty between the United States

and the non-U.S. holder's country of residence, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, are not subject to U.S. withholding tax. To obtain this exemption, a non-U.S. holder must provide us or our paying agent with an IRS Form W-8ECI properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition to being taxed at graduated tax rates, dividends received by corporate non-U.S. holders that are effectively connected with a U.S. trade or business of the corporate non-U.S. holder may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

Sale of Common Stock

Subject to the discussions below regarding Backup Withholding and Information Reporting and the Foreign Account Tax Compliance Act, non-U.S. holders will generally not be subject to U.S. federal income tax on any gains realized on the sale, exchange or other disposition of our common stock unless:

- the gain (i) is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business and (ii) if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States (in which case the special rules described below apply);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition of our common stock, and certain other requirements are met (in which case the gain would be subject to a flat 30% tax, or such reduced rate as may be specified by an applicable income tax treaty, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States); or
- the rules of the Foreign Investment in Real Property Tax Act, or FIRPTA, treat the gain as effectively connected with a U.S. trade or business.

The FIRPTA rules may apply to a sale, exchange or other disposition of our common stock if we are, or were within the shorter of the five-year period preceding the disposition and the non-U.S. holder's holding period, a "U.S. real property holding corporation," or USRPHC. In general, we would be a USRPHC if interests in U.S. real estate comprised at least half of the value of our business assets. We do not believe that we are a USRPHC and we do not anticipate becoming one in the future. Even if we become a USRPHC, as long as our common stock is regularly traded on an established securities market, such common stock will be treated as U.S. real property interests only if beneficially owned by a non-U.S. holder that actually or constructively owned more than 5% of our outstanding common stock at some time within the five-year period preceding the disposition.

If any gain from the sale, exchange or other disposition of our common stock, (i) is effectively connected with a U.S. trade or business conducted by a non-U.S. holder and (ii) if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, is attributable to a permanent establishment maintained by such non-U.S. holder in the United States, then the gain generally will be subject to U.S. federal income tax at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. If the non-U.S. holder is a corporation, under certain circumstances, that portion of its earnings and profits that is effectively connected with its U.S. trade or business, subject to certain adjustments, generally would be subject also to a "branch profits tax." The branch profits tax rate is 30%, although an applicable income tax treaty between the United States and the non-U.S. holder's country of residence might provide for a lower rate.

U.S. Federal Estate Tax

The estates of nonresident alien individuals generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, our common stock will be U.S. situs property and therefore will be included in the taxable estate of a nonresident alien decedent, unless an applicable estate tax treaty between the United States and the decedent's country of residence provides otherwise.

Backup Withholding and Information Reporting

The Code and the Treasury regulations require those who make specified payments to report the payments to the IRS. Among the specified payments are dividends and proceeds paid by brokers to their customers. The required information returns enable the IRS to determine whether the recipient properly included the payments in income. This reporting regime is reinforced by "backup withholding" rules. These rules require the payors to withhold tax from payments subject to information reporting if the recipient fails to cooperate with the reporting regime by failing to provide his taxpayer identification number to the payor, furnishing an incorrect identification number, or failing to report interest or dividends on his returns. The backup withholding tax rate is currently 28%. The backup withholding rules do not apply to payments to corporations, whether domestic or foreign, provided they establish such exemption.

Payments to non-U.S. holders of dividends on common stock generally will not be subject to backup withholding, and payments of proceeds made to non-U.S. holders by a broker upon a sale of common stock will not be subject to information reporting or backup withholding, in each case so long as the non-U.S. holder certifies its nonresident status (and we or our paying agent do not have actual knowledge or reason to know the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied) or otherwise establishes an exemption. The certification procedures to claim treaty benefits described under "—Dividends" will generally satisfy the certification requirements necessary to avoid the backup withholding tax. We must report annually to the IRS any dividends paid to each non-U.S. holder and the tax withheld, if any, with respect to these dividends. Copies of these reports may be made available to tax authorities in the country where the non-U.S. holder resides.

Under the Treasury regulations, the payment of proceeds from the disposition of shares of our common stock by a non-U.S. holder made to or through a U.S. office of a broker generally will be subject to information reporting and backup withholding unless the beneficial owner certifies, under penalties of perjury, among other things, its status as a non-U.S. holder (and the broker does not have actual knowledge or reason to know the holder is a U.S. person) or otherwise establishes an exemption. The payment of proceeds from the disposition of shares of our common stock by a non-U.S. holder made to or through a non-U.S. office of a broker generally will not be subject to backup withholding and information reporting, except as noted below. Information reporting, but not backup withholding, will apply to a payment of proceeds, even if that payment is made outside of the United States, if you sell our common stock through a non-U.S. office of a broker that is:

- a U.S. person (including a foreign branch or office of such person);
- a "controlled foreign corporation" for U.S. federal income tax purposes;
- a foreign person 50% or more of whose gross income from certain periods is effectively connected with a U.S. trade or business; or
- a foreign partnership if at any time during its tax year (a) one or more of its partners are U.S. persons who, in the aggregate, hold more than 50% of the income or capital interests of the partnership or (b) the foreign partnership is engaged in a U.S. trade or business;

unless the broker has documentary evidence that the beneficial owner is a non-U.S. holder and certain other conditions are satisfied, or the beneficial owner otherwise establishes an exemption (and the broker has no actual knowledge or reason to know to the contrary).

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder of common stock under the backup withholding rules can be credited against any U.S. federal income tax liability of the holder and may entitle the holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act

A U.S. federal withholding tax of 30% may apply to dividends and the gross proceeds of a disposition of our common stock paid to a foreign financial institution (as specifically defined by the applicable rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). This U.S. federal withholding tax of 30% will also apply to dividends and the gross proceeds of a disposition of our common stock paid to a non-financial foreign entity unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding direct and indirect U.S. owners of the entity. The 30% federal withholding tax described in this paragraph cannot be reduced under an income tax treaty with the United States or by providing an IRS Form W-8BEN or similar documentation. The withholding tax described above will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from the rules. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. Holders should consult with their own tax advisors regarding the possible implications of the withholding described herein.

The withholding provisions described above generally apply to proceeds from a sale or other disposition of common stock if such sale or other disposition occurs on or after January 1, 2017 and to payments of dividends on our common stock.

THE PRECEDING DISCUSSION OF U.S. FEDERAL TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY. IT IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement, dated , 2015, with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. BMO Capital Markets Corp. and Stifel, Nicolaus & Company, Incorporated, are the representatives of the underwriters.

Underwriters	Number of Shares
BMO Capital Markets Corp.	
Stifel, Nicolaus & Company, Incorporated	
JMP Securities LLC	
Wedbush Securities Inc.	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until that option is exercised. If an underwriter fails or refuses to purchase any of its committed shares, the purchase commitments of the non-defaulting underwriters may be increased or the offering may be terminated.

The underwriters have an option to buy up to an additional shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise this option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above, and the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriters propose to offer the shares of our common stock directly to the public at the initial public offering price set forth on the cover of this prospectus and to certain dealers at such offering price less a concession not in excess of $ per share. After the initial public offering of the shares, the offering price and the selling concession may be changed by the underwriters.

The following table shows the per share and total underwriting discounts and commissions to be paid by us to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of the offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding underwriting discounts and commissions, will be approximately $, all of which will be paid by us. We have agreed to reimburse the underwriters for certain of their expenses incurred in connection with the clearance of this offering with the Financial Industry Regulatory Authority, Inc.

We and our officers and directors and the holders of substantially all of our capital stock and options have agreed with the underwriters that, for a period of 180 days after the date of this prospectus, subject to certain exceptions, we and they will not (1) offer, sell, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition), directly or indirectly, including the filing (or participation in the filing) with the SEC of a registration statement under the Securities Act to register, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock or warrants or other rights to acquire

shares of our common stock of which such officer, director or holder is now, or may in the future become, the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act), or (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic benefits or risks of ownership of such common stock, securities, warrants or other rights to acquire common stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of common stock or other securities, in cash or otherwise, or (3) publicly disclose the intention to enter into any transaction described in clause (1) or (2) above, except with the prior written consent of BMO Capital Markets Corp. and Stifel, Nicolaus & Company, Incorporated; provided that BMO Capital Markets Corp. and Stifel, Nicolaus & Company, Incorporated, on behalf of the underwriters, have agreed to notify us at least three business days before the effective date of any release or waiver granted to one of our officers or directors, and we have agreed to announce the impending release or waiver by issuing a press release through a major news service at least two business days before the effective date of the release or waiver.

The restrictions above do not apply to the following, subject to certain limitations set forth in the lock-up agreements:

- transfers of securities as a bona fide gift;
- transfers or dispositions of securities to any trust for the direct or indirect benefit of the lock-up signatory or any member of the immediate family of the lock-up signatory;
- transfers of securities to affiliates;
- transfers of securities by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or a member of the immediate family of the lock-up signatory;
- transfers or dispositions of shares of our common stock or securities convertible or exchangeable into shares of our common stock acquired in open market purchases after the closing of this offering;
- entry into any trading plan established pursuant to Rule 10b5-1 under the Exchange Act;
- exercise of options, warrants or other rights to acquire shares of common stock in accordance with their terms pursuant to an employee benefit plan, option, warrant or other right;
- transfers pursuant to a court order or settlement agreement related to the distribution of assets in connection with the dissolution of a marriage or civil union;
- transfers to us pursuant to agreements under which we have the option to repurchase such shares or a right of first refusal with respect to transfers of such shares upon termination of service of the lock-up signatory;
- transfers by certain stockholders of shares purchased in this offering;
- conversion of outstanding shares of preferred stock into shares of common stock; or
- transfers of shares of our common stock or any security convertible into or exercisable or exchangeable for common stock pursuant to a liquidation, tender offer, merger, consolidation or similar transaction that results in all of our stockholders having the right to exchange their securities for cash, securities or other property.

See “Shares Eligible for Future Sale” for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for our common stock. The initial public offering price will be negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We have applied to list our common stock on the NASDAQ Global Market under the symbol “ANAB.” In connection with the offering, the underwriters may purchase and sell shares of our common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the closing of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of our common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on the NASDAQ Global Market, in the over-the- counter market or otherwise.

In connection with this offering, the underwriters may engage in passive market making transactions in the common stock on the NASDAQ Global Market in accordance with Rule 103 of Regulation M under the Exchange Act during a period before the commencement of offers or sales of common stock and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker’s bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters are not required to engage in passive market making and may end passive market making activities at any time.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act and to contribute to payments that the underwriters may be required to make for these liabilities.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of our common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non- financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Offer Restrictions Outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant Member State"), no offer of the securities offered by this prospectus may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall require us or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any of the securities or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any of the securities being offered to a financial intermediary as that term is used in Article 3(2) of the

Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the securities acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any securities to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

We and the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus has been prepared on the basis that any offer of securities in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of securities. Accordingly any person making or intending to make an offer in that Relevant Member State of securities which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of securities in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Notice to prospective investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive):

- who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order; and/or
- who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons).

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to prospective investors in Switzerland

The securities offered by this prospectus may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the

disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the securities or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us, the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of securities.

Notice to prospective investors in the Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority, or DFSA. This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Centre, or DIFC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Notice to prospective investors in the United Arab Emirates

The securities offered by this prospectus have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

Notice to prospective investors in Australia

This prospectus:

- does not constitute a disclosure document under Chapter 6D.2 of the Corporations Act 2001 (Cth), or the Corporations Act;
- has not been, and will not be, lodged with the Australian Securities and Investments Commission, or ASIC, as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Corporations Act.

The securities offered by this prospectus may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the securities may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any securities may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the securities, you represent and warrant to us that you are an Exempt Investor.

As any offer of securities under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the securities you undertake to us that you will not, for a period of 12 months from the date of issue of the securities, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Notice to prospective investors in Japan

The securities offered by this prospectus have not been and will not be registered under the Financial Instruments and Exchange Act. Accordingly, the securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to prospective investors in Hong Kong

The securities offered by this prospectus have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Warning

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Notice to prospective investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

- to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA;
- to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA; or
- otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the securities pursuant to an offer made under Section 275 of the SFA except:
    - to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
    - where no consideration is or will be given for the transfer;
    - where the transfer is by operation of law;
    - as specified in Section 276(7) of the SFA; or
    - as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to prospective investors in Bermuda

The securities offered by this prospectus may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

Notice to prospective investors in Saudi Arabia

This prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority, or CMA pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended, or the CMA Regulations. The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorized financial adviser.

Notice to prospective investors in the British Virgin Islands

The securities are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by us or on our behalf. The securities may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a BVI Company), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This prospectus has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the securities for the purposes of the Securities and Investment Business Act, 2010, or SIBA or the Public Issuers Code of the British Virgin Islands.

The securities may be offered to persons located in the British Virgin Islands who are "qualified investors" for the purposes of SIBA. Qualified investors include (i) certain entities which are regulated by the Financial Services Commission in the British Virgin Islands, including banks, insurance companies, licensees under SIBA and public, professional and private mutual funds; (ii) a company, any securities of which are listed on a recognised exchange; and (iii) persons defined as "professional investors" under SIBA, which is any person (a) whose ordinary business involves, whether for that person's own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of our property; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of US$1,000,000 and that he consents to being treated as a professional investor.

Notice to prospective investors in China

This prospectus does not constitute a public offer of the securities offered by this prospectus, whether by sale or subscription, in the People's Republic of China, or the PRC. The securities are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the securities without obtaining all prior PRC's governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

Notice to prospective investors in Korea

The securities have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder, or the FSCMA, and the securities have been and will be offered in Korea as a private placement under the FSCMA. None of the securities may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the FETL. The securities have not been listed on any of securities exchanges in the world including, without limitation, the Korea Exchange in Korea. Furthermore, the purchaser of the securities shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the securities. By the purchase of the securities, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the securities pursuant to the applicable laws and regulations of Korea.

Notice to prospective investors in Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Securities has been or will be registered with the Securities Commission of Malaysia, or the Commission for the

Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the securities, as principal, if the offer is on terms that the securities may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the securities is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Notice to prospective investors in Taiwan

The securities have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the securities in Taiwan.

Notice to prospective investors in South Africa

Due to restrictions under the securities laws of South Africa, the securities are not offered, and the Offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

- the offer, transfer, sale, renunciation or delivery is to duly registered banks, mutual banks, financial services provider, financial institution, the Public Investment Corporation (in each case registered as such in South Africa), a person who deals with securities in their ordinary course of business, or a wholly owned subsidiary of a bank, mutual bank, authorised services provider or financial institution, acting as agent in the capacity of an authorised portfolio manager for a pension fund (duly registered in South Africa), or as manager for a collective investment scheme (registered in South Africa); or
- the contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than R1,000,000.

This document does not, nor is it intended to, constitute an "offer to the public" (as that term is defined in the South African Companies Act, 2008, or the SA Companies Act and does not, nor is it intended to, constitute a prospectus prepared and registered under the SA Companies Act. This document is not an "offer to the public" and must not be acted on or relied on by persons who do not fall within Section 96(1)(a) of the SA Companies

Act (such persons being referred to as “relevant persons”). Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

A South African resident person or company or any non-South African company which is a subsidiary of a South African company is not permitted to acquire the securities unless such person has obtained exchange control approval to do so.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Fenwick & West LLP, San Francisco, California. Certain legal matters relating to the offering will be passed upon for the underwriters by Cooley LLP, San Diego, California.

EXPERTS

The financial statements of AnaptysBio, Inc. as of December 31, 2013 and 2014, and for each of the years in the two-year period ended December 31, 2014, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, an independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits filed therewith. For further information about us and the common stock offered hereby, reference is made to the registration statement and the exhibits filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and in each instance we refer you to the copy of such contract or other document filed as an exhibit to the registration statement. We currently do not file periodic reports with the SEC. Upon the closing of our initial public offering, we will be required to file periodic reports, proxy statements and other information with the SEC pursuant to the Exchange Act. A copy of the registration statement and the exhibits filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, DC 20549, and copies of all or any part of the registration statement may be obtained from that office. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
AnaptysBio, Inc.:

We have audited the accompanying balance sheets of AnaptysBio, Inc. as of December 31, 2013 and 2014, and the related statements of operations, convertible preferred stock and stockholders' deficit, and cash flows for each of the years in the two-year period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AnaptysBio, Inc. as of December 31, 2013 and 2014, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

San Diego, California
June 5, 2015, except for earnings per share information and Note 12, which are dated July 13, 2015

ANAPTYSBIO, INC.
BALANCE SHEETS
(in thousands, except par value data)

	December 31, 2013	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,810	$ 22,188
Receivable from collaborative partner	—	1,455
Prepaid expenses and other current assets	244	758
Total current assets	3,054	24,401
Property and equipment, net	750	579
Restricted cash	110	85
Total assets	$ 3,914	$ 25,065
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 197	$ 415
Accrued expenses	743	1,052
Deferred revenue	1,290	10,085
Convertible promissory notes payable to related parties	818	—
Other current liabilities	114	129
Total current liabilities	3,162	11,681
Notes payable	—	4,793
Deferred revenue	—	1,935
Deferred rent	221	94
Preferred stock warrant liabilities	386	569
Commitments and contingencies		
Series A convertible preferred stock, $0.001 par value, 3,015 shares authorized, no shares issued or outstanding at December 31, 2013 or 2014	—	—
Series B convertible preferred stock, $0.001 par value, 27,743 shares authorized, 27,743 shares issued and outstanding at December 31, 2013 and 2014; aggregate liquidation preference at December 31, 2014 of $24,991	28,220	28,220
Series C convertible preferred stock, $0.001 par value, 17,982 shares authorized, 11,147 shares issued and outstanding at December 31, 2013 and 2014; aggregate liquidation preference at December 31, 2014 of $7,246	6,452	6,452
Series C-1 convertible preferred stock, $0.001 par value, 10,500 shares authorized, no shares and 3,318 shares issued and outstanding at December 31, 2013 and 2014, respectively; aggregate liquidation preference at December 31, 2014 of $6,470	—	2,156
Stockholders' deficit:		
Common stock, $0.001 par value, 79,000 shares authorized, 17,368 shares issued and outstanding at December 31, 2013 and 2014	17	17
Additional paid in capital	14,247	14,407
Accumulated deficit	(48,791)	(45,259)
Total stockholders' deficit	(34,527)	(30,835)
Total liabilities, convertible preferred stock and stockholders' deficit	$ 3,914	$ 25,065

See accompanying notes to financial statements.

ANAPTYSBIO, INC.
STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,	
	2013	2014
Collaboration revenue	$ 5,483	$15,838
Operating expenses:		
Research and development	8,820	8,614
General and administrative	1,950	2,354
Total operating expenses	10,770	10,968
Income (loss) from operations	(5,287)	4,870
Other income (expense), net		
Interest income	1	2
Interest expense, related parties	(886)	(1,270)
Interest expense	—	(11)
Change in fair value of liability for preferred stock warrants	627	(59)
Total other expense, net	(258)	(1,338)
Net income (loss)	(5,545)	3,532
Net income attributed to participating securities	—	(3,300)
Net income (loss) attributed to common stockholders	$ (5,545)	$ 232
Net income (loss) per common share:		
Basic	$ (0.71)	$ 0.01
Diluted	$ (0.71)	$ 0.01
Weighted-average number of shares outstanding:		
Basic	7,787	17,368
Diluted	7,787	18,627
Pro forma net income per common share (unaudited):		
Basic		$ 0.06
Diluted		$ 0.06
Pro forma weighted-average number of shares outstanding (unaudited):		
Basic		58,473
Diluted		59,732

See accompanying notes to financial statements.

ANAPTYSBIO, INC.
STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT
(in thousands, except share and unit data)

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Series C-1 Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, January 1, 2013	3,000	$ 2,979	34,431	$34,233	15,385	$ 8,905	—	$ —	3,088	$ 3	$ 687	$ (43,246)	$ (42,556)
Beneficial conversion feature of convertible promissory notes payable to related parties	—	—	—	—	—	—	—	—	—	—	1,960	—	1,960
Preferred shares converted to common shares	(3,000)	(2,979)	(6,688)	(6,013)	(4,238)	(2,453)	—	—	14,258	14	11,431	—	11,445
Warrants for Series C Preferred Stock converted to warrants for common stock	—	—	—	—	—	—	—	—	—	—	14	—	14
Shares issued under employee stock plans	—	—	—	—	—	—	—	—	22	—	4	—	4
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	151	—	151
Net loss	—	—	—	—	—	—	—	—	—	—	—	(5,545)	(5,545)
Balance, December 31, 2013	—	—	27,743	28,220	11,147	6,452	—	—	17,368	17	14,247	(48,791)	(34,527)
Conversion of promissory notes payable to related parties into shares of Series C-1 Preferred Stock	—	—	—	—	—	—	3,318	2,156	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	160	—	160
Net income	—	—	—	—	—	—	—	—	—	—	—	3,532	3,532
Balance, December 31, 2014	—	$ —	27,743	$28,220	11,147	$ 6,452	3,318	$2,156	17,368	$ 17	$ 14,407	$ (45,259)	$ (30,835)

See accompanying notes to financial statements.

ANAPTYSBIO, INC.
STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2013	2014
OPERATING ACTIVITIES		
Net income (loss)	$ (5,545)	$ 3,532
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	580	308
Stock-based compensation	151	160
Change in fair value of liability for preferred stock warrants	(627)	59
Noncash interest expense	886	1,273
Loss on disposal of property and equipment	6	3
Changes in operating assets and liabilities:		
Receivable from collaborative partners	268	(1,455)
Prepaid expenses and other assets	132	(489)
Accounts payable and other liabilities	(255)	482
Deferred revenue	(1,392)	10,730
Net cash provided by (used in) operating activities	(5,796)	14,603
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	—	5
Purchases of property and equipment	(37)	(145)
Net cash used in investing activities	(37)	(140)
FINANCING ACTIVITIES		
Proceeds from notes payable, net of costs to issue	—	4,915
Proceeds from issuance of convertible promissory notes payable to related parties, net of costs to issue	1,960	—
Proceeds from issuance of common stock	4	—
Net cash provided by financing activities	1,964	4,915
Net increase (decrease) in cash	(3,869)	19,378
Cash and cash equivalents, beginning of period	6,679	2,810
Cash and cash equivalents, end of period	$ 2,810	$ 22,188
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ —	$ 8
Noncash investing and financing activities:		
Conversion of convertible promissory notes payable to related parties into shares of Series C-1 Preferred Stock	$ —	$ 2,156
Beneficial conversion feature of convertible promissory notes payable to related parties allocated to additional paid-in capital	$ 1,960	$ —
Warrants for Series C Preferred Stock converted to warrants for common stock	$ 14	$ —

See accompanying notes to financial statements.

ANAPTYSBIO, INC.
NOTES TO FINANCIAL STATEMENTS

1. Organization and Basis of Presentation

AnaptysBio, Inc. ("we," "us," "our," or the "Company") was incorporated in the state of Delaware in November 2005. We are a biotechnology company developing first-in-class antibody product candidates focused on unmet medical needs in inflammation and immuno-oncology. We develop our product candidates using our proprietary, antibody discovery technology platform ("SHM-XEL"), which is designed to replicate, *in vitro*, the natural process of antibody generation. We currently generate revenue from our collaborative research and development arrangements.

Basis of Presentation and Liquidity

Since our inception, we have devoted our primary effort to raising capital and research and development activities, and have incurred losses and negative cash flows from operations through the year ended December 31, 2013 and have an accumulated deficit at December 31, 2014 of $45.3 million. Through 2013, all of our financial support has been provided primarily from the sale of our common and preferred stock and proceeds from the issuance of convertible debt. As of December 31, 2014, however, following the execution of a significant strategic collaboration, we have positive working capital. Going forward, as we continue our expansion, we may seek additional financing and/or strategic investments. However, there can be no assurance that any additional financing or strategic investments will be available to us on acceptable terms, if at all. If events or circumstances occur such that we do not obtain additional funding, we will most likely be required to reduce our plans and/or certain discretionary spending, which could have a material adverse effect on our ability to achieve our intended business objectives. The accompanying financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

2. Significant Accounting Policies

Use of Estimates

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in our financial statements and accompanying notes. Significant estimates in the financial statements have been made for preferred stock warrant liabilities and stock-based compensation. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents consist primarily of money market and mutual funds with original maturities of 90 days or less.

Restricted Cash

At December 31, 2013 and 2014, we held restricted cash of $110,000 and $85,000, respectively, used to secure a letter of credit provided as security for our operating leases for our facility.

Property and Equipment

Property and equipment is carried at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation and amortization are calculated

using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Leasehold improvements are amortized using the straight line method over the shorter of the lease term or the estimated useful life of the asset. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Long Lived Assets

Long-lived assets, consisting of property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on undiscounted cash flows. If long-lived assets are impaired, an impairment loss is recognized and is measured as the amount by which the carrying value exceeds the estimated fair value of the assets. No impairment charges were recorded during the years ended December 31, 2013 or 2014.

Deferred Rent and Operating Lease Incentives

When an operating lease includes lease incentives, such as a rent abatements or leasehold improvement allowances, or requires fixed escalations of the minimum lease payments, the aggregate rental expense, including such incentives or increases, is recognized on a straight-line basis over the term of the lease. The cumulative difference between the actual rental payments and rent charged to expense is recorded as deferred rent in the accompanying balance sheets. For leasehold improvement allowances, the costs are capitalized as leasehold improvement assets and amortized to expense over the appropriate recognition period for such assets.

Debt Issuance Costs

Debt issuance costs incurred to obtain debt financing are deferred and are amortized over the term of the debt using the effective interest method. The costs are recorded as a reduction to the carrying value of the debt and the amortization expense is included in interest expense in the statements of operations.

Revenue Recognition

Revenue is recognized in accordance with revenue recognition accounting guidance, which requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence that an arrangement exists; (ii) delivery has occurred and title and the risks and rewards of ownership have been transferred to the client or services have been rendered; (iii) the price is fixed or determinable; and (iv) collectability is reasonably assured.

Multiple-Element Revenue Arrangements. We evaluate deliverables in a multiple-element arrangement to determine whether each deliverable represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value to the customer. If the delivered element does not have standalone value without one of the undelivered elements in the arrangement, we combine such elements and account for them as a single unit of accounting. We allocate the consideration to each unit of accounting at the inception of the arrangement based on the relative selling price.

We recognize consideration allocated to an individual element when all other revenue recognition criteria are met for that element. Our multiple-element revenue arrangements may include the following:

- **License arrangements**. The deliverables under our collaboration and license agreements generally include exclusive or nonexclusive licenses to one or more products generated using our technologies. As the delivered licenses have not historically had standalone value apart from the undelivered elements, these have been recognized as revenue as a combined unit of accounting. Accordingly, we recognize revenue from nonrefundable upfront fees in the same manner as the undelivered item(s), which is generally the period over which we provide research and development services.
- **Research and Development Services.** The deliverables under our collaboration and license arrangements may include research and development services we perform on behalf of or with our

collaborators. As the provision of research and development services is an integral part of our operations and we may be principally responsible for the performance of these services under the agreements, we recognize revenue on a gross basis for research and development services as we perform those services. Additionally, we recognize research related funding under collaboration research and development efforts as revenue as we perform or deliver the related services in accordance with contract terms.

Milestone Revenue. Our collaboration and license agreements generally include contingent contractual payments related to achievement of specific research, development and regulatory milestones and sales-based milestones that are dependent upon the performance of the licensor or collaborator.

We recognize any payment that is contingent upon the achievement of a substantive milestone entirely in the period in which the milestone is achieved. A milestone is defined as an event that can only be achieved based in whole or in part either on our performance, or the performance of our collaborators, or the occurrence of a specific outcome resulting from our past performance for which there is a substantive uncertainty at the date the arrangement is entered into that the event will be achieved.

Research and Development

Costs associated with research and development activities are expensed as incurred. Research and development costs primarily include salaries and personnel-related costs, supplies and materials, contract manufacturing, in-licensing fees, outside services, and an allocation of information technology, fringe benefits, and facility overhead costs.

Upfront and milestone payments incurred under our in-licensing agreements are expensed as acquired in-process research and development in the period in which they are incurred, provided that the technology or method has no alternative future use. Royalties incurred on fees received under our sublicensing arrangements are expensed in the period in which we recognize the related collaborative revenue.

Stock-Based Compensation

We recognize stock-based compensation expense using a fair-value-based method for costs related to all share-based payments, including stock options. Stock-based compensation cost for stock options granted to our employees and directors is measured at the grant date based on the fair-value of the award which is estimated using the Black-Scholes option-pricing model, and is recognized as expense over the requisite service period on a straight-line basis. We estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We use historical data to estimate prevesting option forfeitures and record stock-based compensation expense only for those awards that are expected to vest.

Options granted to individual service providers who are not employees or directors are accounted for at estimated fair values using the Black-Scholes option pricing model and are subject to periodic remeasurement over the period during which the services are rendered.

No tax benefits for stock-based compensation have been recognized in the statements of changes in stockholders' equity or cash flows. We have not recognized, and do not expect to recognize in the near future, any tax benefit related to stock-based compensation cost as a result of our full valuation allowance on net deferred tax assets and net operating loss carryforwards.

Warrants for Shares of Preferred Stock

We account for warrants for shares of preferred stock with conversion features that provide for reductions in the warrant price as derivative liabilities in the accompanying balance sheets at their fair value on the date of issuance. The derivative liabilities are revalued at each balance sheet date until such instruments are exercised or expire, with changes in the fair value between reporting periods recorded as other income or expense.

Fair Value of Financial Instruments

Our financial instruments consist principally of cash, cash equivalents, restricted cash, receivables from collaborative partners, accounts payable, notes payable and preferred stock warrant liabilities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs that are supported by little or no market activities, therefore requiring an entity to develop its own assumptions.

Concentration of Credit Risk

Our policy is to place our cash and cash equivalents with high quality financial institutions in order to limit our credit risk exposure, and, at times, balances may exceed federally insured limits. To date, we have not experienced any credit losses associated with these financial instruments.

Income Taxes

We account for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences are expected to be recovered or settled. Realization of deferred tax assets is dependent upon future taxable income. A valuation allowance is recognized if it is more likely than not that some portion or all of a deferred tax asset will not be realized based on the weight of available evidence, including expected future earnings.

We recognize an uncertain tax position in our financial statements when we concludes that a tax position is more likely than not to be sustained upon examination based solely on our technical merits. Only after a tax position passes the first step of recognition will measurement be required. Under the measurement step, the tax benefit is measured as the largest amount of benefit that is more likely than not to be realized upon effective settlement. This is determined on a cumulative probability basis. The full impact of any change in recognition or measurement is reflected in the period in which such change occurs. We have elected to accrue any interest or penalties related to income taxes as part of our income tax expense.

Net Income (Loss) Per Common Share and Pro Forma Net Income Per Common Share

Net income (loss) per share of common stock is determined using the two-class method for participating securities as this method is more dilutive than the if-converted method. All series of our convertible preferred stock are considered to be participating securities. In accordance with the two-class method, earnings allocated to these participating securities, which include participation rights in undistributed earnings, are subtracted from net income to determine total earnings to be attributed to common stockholders.

Basic net income (loss) per common share is computed by dividing net income (loss) attributed to common stockholders by the weighted-average number of common shares outstanding during the period. All participating

securities are excluded from basic weighted-average common shares outstanding. In computing diluted net income (loss) attributed to common stockholders, undistributed earnings are re-allocated to reflect the potential impact of dilutive securities, including stock options and warrants that reduce the preferred stockholders participation in earnings to be attributed to common stockholders. Diluted net income (loss) per share attributed to common stockholders is computed by dividing net income (loss) attributed to common stockholders by the weighted-average number of common equivalent shares outstanding for the period. Diluted net income (loss) per share attributed to common stockholders includes any dilutive effect from outstanding stock options and warrants using the treasury stock method.

Computations for basic and diluted net income (loss) per common share are below. The unaudited pro forma basic and diluted net income (loss) per common share calculation assumes the conversion of all outstanding shares of convertible preferred stock into common stock as if such conversion had occurred on January 1, 2014 or the original issuance date, if later.

(in thousands, except per share data)	Net Income (Loss) (Numerator)	Shares (Denominator)	Amount
Year Ended December 31, 2013			
Basic and diluted net loss per common share:			
Net loss attributed to common stockholders	$ (5,545)	7,787	$ (0.71)
Year Ended December 31, 2014			
Basic net income per common share:			
Net income	$ 3,532		
Net income attributed to participating securities	(3,300)		
Net income attributed to common stockholders	232	17,368	$ 0.01
Diluted net income per common share:			
Reallocation of net income attributed to participating securities	12	—	
Dilutive effect of stock options	—	1,259	
Net income attributed to common stockholders plus assumed conversions	$ 244	18,627	$ 0.01
Pro Forma for the Year Ended December 31, 2014 (unaudited)			
Basic net income per common share:			
Net income	$ 3,532	17,368	
Pro forma adjustment to reflect the assumed conversion of convertible preferred shares	—	41,105	
Pro forma basic net income per common share	3,532	58,473	$ 0.06
Diluted net income per common share:			
Dilutive effect of stock options	—	1,259	
Net income attributed to common stockholders plus assumed conversions	$ 3,532	59,732	$ 0.06

Common stock equivalents issuable upon the conversion or exercise of dilutive securities that could potentially reduce net income per common share in the future that were excluded from the determination of diluted net income (loss) per common share as their effects were antidilutive are as follows:

	Year Ended December 31,	
(in thousands)	2013	2014
Convertible preferred stock	48,382	—
Options to purchase common stock	7,535	7,556
Warrants to purchase preferred stock	1,775	1,847
Warrants to purchase common stock	822	822
Total	58,514	10,225

Accounting Pronouncements Recently Adopted

In June 2014, the Financial Accounting Standards Board, ("FASB") issued Accounting Standards Update ("ASU") No. 2014-10, *Development Stage Entities (Topic 915)*, which eliminated the distinction of a Development Stage Entity along with the inception to date reporting requirements. As permitted by this ASU, we elected to early adopt the amendment beginning with our annual reporting period ending December 31, 2014, with retrospective application of the amended guidance. Upon adoption, there was no effect to our financial statements, other than the elimination of inception to date disclosures.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. This update requires the presentation of debt issuance costs in financial statements as a direct reduction of related debt liabilities rather than as an asset. Amortization of debt issuance costs continue to be reported as interest expense. As permitted by the ASU, we elected to early adopt the amendment beginning with our annual reporting period ending December 31, 2014, with retrospective application of the amended guidance. The adoption of this ASU resulted in the reclassification $37,000 and $85,000 in deferred debt issuance costs from prepaid expenses and other current assets to a direct reduction to the carrying values of notes payable and convertible promissory notes reported in the balance sheets at December 31, 2013 and 2014, respectively. The adoption of this guidance did not have any effect on the statement of operations during the years ended December 31, 2013 or 2014.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition guidance in FASB ASC 605, Revenue Recognition, including industry-specific guidance. This standard is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also requires additional disclosure about the nature, amount, timing and uncertainty of assets recognized from costs incurred to fulfill a contract and becomes effective for our annual reporting period beginning January 1, 2018, including interim periods within that reporting period; early adoption is not permitted. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. We are currently assessing the impact that this standard will have on our financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements—Going Concern*, which provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and the related footnote disclosure. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financials are issued. When management identifies conditions or events that raise substantial doubt about the entity's ability to continue as a

going concern, this standard also outlines disclosures that are required in our footnotes based on whether or not there are any plans intended to mitigate the relevant conditions or events to alleviate the substantial doubt. This standard becomes effective for our annual reporting period ending December 31, 2016, and for annual and interim periods thereafter. Early application is permitted. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

3. Balance Sheet Accounts and Supplemental Disclosures

Property and Equipment

Property and equipment consist of the following:

	December 31,	
(in thousands)	2013	2014
Laboratory equipment	$ 2,940	$ 3,031
Office furniture and equipment	586	565
Leasehold improvements	338	338
	3,864	3,934
Less: accumulated depreciation and amortization	(3,114)	(3,355)
Total property and equipment, net	$ 750	$ 579

Accrued Expenses

Accrued expenses consist of the following:

	December 31,	
(in thousands)	2013	2014
Accrued compensation and related expenses	$ 485	$ 588
Accrued research and contract manufacturing expenses	7	293
Accrued royalties	97	79
Other	154	92
Total accrued expenses	$ 743	$1,052

4. Collaborative Research and Development Agreements

TESARO Collaboration

In March 2014, we entered into a Collaboration and Exclusive License Agreement with TESARO, Inc. and TESARO Development, Inc. (collectively, “TESARO”), an oncology-focused biopharmaceutical company. Under the terms of the agreement, we agreed to perform certain discovery and early preclinical development of therapeutic antibodies with the goal of generating immunotherapy antibodies for subsequent preclinical, clinical, regulatory and commercial development to be performed by TESARO. Under the terms of the agreement, TESARO paid an upfront license fee of $17.0 million in March 2014 and agreed to provide funding to us for research and development services related to antibody discovery programs for three specific targets.

In November 2014, we and TESARO entered into an Amendment No. 1 to the Agreement to add an antibody discovery program against a fourth target for an upfront license fee of $2.0 million.

For each development program, we are eligible to receive milestone payments of up to $18.0 million if certain clinical trial events are achieved by TESARO, up to an additional $90.0 million if certain U.S. and European regulatory submissions and approvals in multiple indications are achieved, and up to an additional

$165.0 million upon the achievement of specified levels of annual worldwide net sales. We will also be eligible to receive tiered single-digit royalties related to worldwide net sales of products developed under the collaboration and certain commercial milestone payments if specified levels of annual worldwide net sales are attained. Unless earlier terminated by either party upon specified circumstances, the agreement will terminate, with respect to each specific developed product, upon the later of the 12th anniversary of the first commercial sale of the product or the expiration of the last to expire of any patent.

We determined that the upfront license fees and research funding under the agreement, as amended, should be accounted for as a single unit of accounting and that the upfront license fees should be deferred and recognized as revenue over the same period that the research and development services are performed. As a result, the $17.0 million and $2.0 million license fees have been deferred and are being recognized as revenue ratably over the research periods specified in the contract of 24 and 16 months, respectively. Revenue from the contingent milestone payments will be recognized if and when such payments become due, subject to satisfaction of all of the criteria necessary to recognize revenue at that time.

Revenue recognized under this agreement aggregated $11.5 million during the year ended December 31, 2014, which includes $7.0 million for the amortization of the upfront fee and $4.5 million in funding for research and development services, of which $1.5 million was receivable at December 31, 2014. Deferred revenue for this agreement was $12.0 million at December 31, 2014.

Celgene Antibody Generation Agreement

In December 2011, we entered into an Antibody Generation Agreement with Celgene Corporation (“Celgene”), under which we agreed to develop human therapeutic agents against multiple targets. We successfully delivered three antibodies against three targets under this agreement. The final deliverable under this agreement was completed in 2014. Under the terms of the agreement, Celgene agreed to pay an initial fee of $6.0 million, followed by a success fee of $0.5 million upon successful delivery of therapeutic antibodies against each of the targets involved.

The upfront payment was recognized as revenue ratably over the estimated time to project completion through February 2014. Revenue recognized under this agreement aggregated $3.7 million during the year ended December 31, 2013, which includes $2.0 million for the amortization of the upfront fee, $1.0 million in success fees and $746,000 in funding for research and development costs. Revenue recognized under this agreement aggregated $592,000 during the year ended December 31, 2014, which includes $500,000 in success fees and $92,000 in funding for research and development costs. Deferred revenue for this agreement was $92,000 at December 31, 2013.

Momenta Antibody Generation Agreement

In December 2013, we entered into an Antibody Generation Agreement, with Momenta Pharmaceuticals, Inc. (“Momenta”) under which we agreed to generate certain antibodies with enhanced affinity specific for a particular target for use in the development of human therapeutic agents by Momenta. Under the terms of the agreement, Momenta agreed to pay an upfront fee of $1.1 million, followed by a $2.0 million success fee in the event of a successful outcome, which occurred in 2014. This agreement expired in accordance with its terms in 2014.

The upfront payment was recognized as revenue ratably over the estimated time to project completion, or nine months, beginning January 2014 when the project commenced. Revenue recognized under this agreement aggregated $3.1 million during the year ended December 31, 2014, which includes $2.0 million in success fees and $1.1 million for the amortization of the upfront fee. Deferred revenue for this agreement was $1.1 million at December 31, 2013.

Other Collaborative Agreements

During 2013 and 2014, we recognized revenue from other collaborative partners aggregating $1.7 million and $0.6 million, respectively, for the development of antibodies for specified targets. Revenue from these agreements consisted primarily of the amortization of upfront payments and funding for research and development services that were recognized as the related services were provided. Our obligations under these collaborative agreements were completed by the end of 2014.

5. Notes Payable and Convertible Promissory Notes

Notes Payable

On December 24, 2014, we entered into a Loan and Security Agreement with a bank and a financial institution whereby we may borrow up to $15.0 million in three separate draws of $5.0 million each. The Term A Loans, for an aggregate of $5.0 million, were drawn on December 24, 2014. The Term B Loans for an aggregate of $5.0 million are available for draw through December 31, 2015, contingent upon our first multi-dose PK/toxicology studies on at least two development programs and the Term C Loans for an aggregate of $5.0 million are available for draw through December 31, 2016, contingent upon receiving FDA approval on IND submission on at least two development programs. The Term A Loans each bear a fixed rate of interest of 6.97% and are due in 12 monthly interest-only payments through January 2016, followed by 36 equal monthly principal and interest payments, with final maturity in January 2019.

Upon the issuance of the Term B Loans, the interest-only periods for both the Term A and B Loans are extended by six months through July 2016, followed by 30 equal monthly principal and interest payments, with final maturity of all Loans in January 2019. Upon the issuance of the Term C Loans, the interest-only periods for all Loans are further extended by six months through January 2017, followed by 24 equal monthly principal and interest payments, with final maturity of Loans in January 2019. If the Term B and C Loans are issued, they will bear interest at the greater of 6.95% or the 3-month LIBOR plus 6.72%.

The costs incurred to issue the Term A Loans of $85,000 were deferred and are included in the discount to the carrying value of the Term A Loans in the accompanying balance sheet. The Term A Loans also include a final payment fee of $250,000 due at the earlier of prepayment or the maturity date of the Term A Loans. The deferred costs and the final payment fee will be amortized to interest expense over the expected term of the Term A Loans using the effective interest method.

In connection with the issuance of the Term A Loans, we issued detachable, fully vested warrants to purchase an aggregate of 288,462 shares of Series C Preferred Stock at an exercise price of $0.65 per share to the lenders, which are subject to change under anti-dilution provisions. The warrants are exercisable at any time through December 2024. The grant-date fair value of the warrants of $124,000 was recorded a liability, with a reduction to the carrying value of the Term A Loans, and which is recognized as additional interest expense over the remaining term of the Loans. The initial fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: a stock price volatility of 70.2%, an expected life equal to the contractual term of the warrants of ten years and a risk-free interest rate of 1.97%.

At December 31, 2014, the carrying amount of the Term A Loans was $4.8 million, which is net of discounts of $209,000. The effective interest rate on the Term A Loans at December 31, 2014 was 9.25%. As of December 31, 2014, future maturities of the Term A Loans were $1.4 million, $1.7 million, $1.8 million and $153,000 in 2016, 2017, 2018 and 2019, respectively.

The Term A Loans are secured by a first priority interest in most of our assets, excluding intellectual property, with a net book value of $6.0 million at December 31, 2014. We are also required to maintain a minimum of 50% of our operating and investment account balances at all times with one of the lenders. At December 31, 2014, we were in compliance with the covenants contained in the Loan and Security Agreement.

Convertible Promissory Notes Payable to Related Parties

In August 2013, pursuant to a Purchase Agreement, we issued convertible promissory notes to existing investors aggregating $2.0 million. The notes, which bear interest at 10% per annum, were unsecured and subordinated to all current and future indebtedness and were convertible at any time at the option of the holders into shares of Series C-1 Preferred Stock at a conversion price of $0.65 per share.

Authoritative accounting guidance requires that a portion of the note proceeds be allocated to additional paid-in capital for the intrinsic value, if any, of the conversion option (the "beneficial conversion feature") based upon the difference between the fair value of the underlying preferred stock at the date of issuance of the notes and the effective conversion price embedded in the notes. The resulting discount on the notes is amortized over the term of the related notes to the stated date of redemption. At August 30, 2013, the date of issuance of the notes, the intrinsic value of the conversion option exceeded the net proceeds of the notes, and therefore the resulting discount attributed to the notes was limited to $2.0 million.

In April 2014, the principal and accrued interest on the notes, which aggregated $2.2 million, were converted into 3.3 million shares of Series C-1 Preferred Stock. The unamortized discount of $405,000 at the date of conversion was recognized as interest expense. Total interest expense resulting from the amortization and write-off of the discount totaled $818,000 and $1.2 million during the years ended December 31, 2013 and 2014, respectively.

6. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes our assets and liabilities that require fair value measurements on a recurring basis and their respective input levels based on the fair value hierarchy:

		Fair Value Measurements at End of Period Using:		
(in thousands)	Fair Value	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
At December 31, 2013				
Money market funds(1)	$ 2,492	$ 2,492	$ —	$ —
U.S. treasury security(2)	135	135	—	—
Preferred stock warrant liabilities	386	—	—	386
At December 31, 2014				
Money market funds(1)	$14,736	$ 14,736	$ —	$ —
Mutual funds(1)	7,227	7,227	—	—
U.S. treasury security(2)	90	90	—	—
Preferred stock warrant liabilities	569	—	—	569

(1) Included in cash and cash equivalents in the accompanying balance sheets.
(2) Included in cash and cash equivalents, and restricted cash in the accompanying balance sheets.

Marketable Securities. For fair values determined by Level 1 inputs, which utilize quoted prices in active markets for identical assets, the level of judgment required to estimate fair value is relatively low. The fair values of investments in money market funds, mutual funds and U.S. treasury securities were determined using Level 1 inputs.

Warrant Liabilities. Our preferred stock warrants are accounted for as derivative liabilities and measured at fair value on a recurring basis as they contain features that are either not afforded equity classification or embody risks that are not clearly and closely related to host contracts. We estimate fair values of these derivatives utilizing the Black-Scholes option-pricing model, which requires Level 3 inputs.

Estimating fair values of derivative financial instruments, including Level 3 instruments, require the use of significant and subjective inputs that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors, including changes in the estimated fair value of our equity securities.

The following weighted-average assumptions were employed in estimating the value of the liabilities for Series C preferred stock warrants using the Black Scholes option-pricing model:

	Year Ended December 31,	
	2013	2014
Fair value of preferred stock	$ 0.45	$ 0.58
Exercise price	$ 0.65	$ 0.65
Risk-free interest rate	1.54%	1.26%
Volatility	67.4%	61.3%
Dividend Yield	0%	0%
Contractual term (in years)	5.0	4.8
Weighted-average measurement date fair value per share	$ 0.22	$ 0.28

A 10% increase in the fair values of preferred stock at December 31, 2013 and 2014 would result in increases in the estimated fair values of the preferred stock warrant liabilities of $58,000 and $89,000, respectively.

The following table summarizes the activity in liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3 Inputs):

(in thousands)	Preferred Stock Warrant Liabilities
Balance at January 1, 2013	$ (1,027)
Series C Preferred Stock warrants converted to Common Stock warrants	14
Unrealized net gains included in other income (expense), net	627
Balance at December 31, 2013	(386)
Issuances	(124)
Unrealized net losses included in other income (expense), net	(59)
Balance at December 31, 2014	$ (569)

Fair Value of Other Financial Instruments

The carrying amounts of certain of our financial instruments, including cash and cash equivalents, receivable from collaborative partner, accounts payable, accrued expenses and convertible promissory notes payable, approximate fair value due to their short-term nature. The carrying amount of our notes payable of $4.8 million at December 31, 2014 approximated fair value due to the close proximity of their issuance in December 2014.

7. Stockholders' Equity

Preferred Stock

Our Amended and Restated Certificate of Incorporation, dated July 15, 2013, authorizes 59.2 million shares of preferred stock, which are designated as follows:

(in thousands)	
Series A	3,015
Series B	25,525
Series B-1	1,996
Series B-2	222
Series C	17,982
Series C-1	10,500
Total designated Preferred Stock	59,240

The Series B, B-1, and B-2 Preferred Stock (collectively, the "Series B Preferred Stock") generally have consistent rights and preferences discussed below, except that the conversion price of the Series B-2 Preferred Stock shall not be subject to adjustment in the event that we issue additional equity securities at a purchase price less than the Series B-2 conversion price.

The convertible preferred stock has been classified as temporary equity in the accompanying balance sheets as the shares include provisions allowing the holder to cause redemption of the shares upon certain change in control events that are outside of our control. We have elected not to adjust the carrying values of the convertible preferred stock to the respective liquidation preferences of such shares as we are uncertain whether or when an event would occur that would obligate us to pay the liquidation preference to the holders of such shares, as discussed below. Adjustments to increase the carrying values to the respective liquidation preferences will be made if and when it becomes probable that an event would occur obligating us to pay such amounts.

Dividend Rights. The holders of the Series A, B, C, and C-1 Preferred Stock are entitled to receive noncumulative dividends at a rate of 8% of the respective Series issue price per annum. The Series C-1 Preferred Stock dividends are payable in preference and in priority to any Series C Preferred Stock. The Series C Preferred Stock dividends are payable in preference and in priority to any Series B Preferred Stock. The Series B and Series A Preferred Stock dividends are payable in preference and in priority to any dividends on common stock.

The preferred stock dividends are payable when, as and if declared by our board of directors. As of December 31, 2014, the board of directors has not declared any dividends.

Voting Rights. The holders of Series Preferred Stock are entitled to one vote for each share of common stock into which such Series Preferred Stock could then be converted; and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the holders of common stock, except that the holders of the Series B Preferred shares, voting as a separate class, are entitled to elect two members of the board of directors, the holders of the Series A Preferred and common stock shares, each voting as a separate class, are each entitled to elect one member of the board of directors, and the holders of the Preferred and common shares, voting as a single class, are entitled to elect all remaining members of the board of the directors.

Liquidation Rights. Upon liquidation, dissolution or winding up of the Company, the holders of Preferred Stock are entitled to receive distributions to be paid out of the assets of the Company, before any distributions are made to the holders of common stock. The holders of the Series C-1 are entitled to receive liquidation preference at three (3) times the original issue price of $0.65 per share plus all declared and unpaid dividends. Liquidation payments to the holders of Series C-1 Preferred Stock have priority and are made in preference to any payments

to the holders of Series C Preferred Stock. The holders of the Series C Preferred Stock are entitled to receive liquidation preferences at the rate of $0.65 per share plus all declared and unpaid dividends. Liquidation payments to the holders of Series C Preferred Stock have priority and are made in preference to any payments to the holders of Series B Preferred Stock. The holders of the Series B and Series B-1 Preferred Stock are entitled to receive liquidation preferences at the rate of $0.90 per share plus all declared and unpaid dividends and the holders of Series A and Series B-2 Preferred Stock are entitled to receive liquidation preferences at the rate of $1.00 per share plus all declared and unpaid dividends. Liquidation payments to the holders of Series B and Series A Preferred Stock have priority and are made in preference to any payments to the holders of common stock.

Conversion Rights. The shares of Series A Preferred Stock are convertible into shares of common stock at a conversion price of $0.90 per share and the shares of Series B, C and C-1 Preferred Stock are convertible into an equal number of shares of common stock. The shares of Series Preferred Stock are convertible at any time, at the option of the holder, subject to certain antidilutive adjustments. Each share of Series Preferred Stock is automatically converted into common stock (i) upon the affirmative election of the holders of at least a majority of the outstanding shares of the Series Preferred Stock, voting together as a single class on an as if converted basis, or (ii) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, in which the per share price is at least $1.63 (as adjusted), and the gross cash proceeds are at least $30.0 million.

Conversion of Preferred Shares and Warrants

In conjunction with the issuance of the convertible promissory notes in August 2013, and pursuant to the Purchase Agreement which required the parties to the Purchase Agreement to “pay to play,” one of the existing investors, and a related party, was not a participant in the debt financing and, as a result, the investor’s existing preferred shares and warrants to purchase shares of Series C Preferred Stock converted into common shares and warrants to purchase shares of common stock, respectively. The investor’s 3,000,000 shares of Series A Preferred Stock were converted at a price of $0.90 per share into 3,333,333 shares of common stock, and 10,925,197 shares of Series B and Series C Preferred Stock were converted into the same number of shares of common stock. The investor’s warrants to purchase 822,386 shares of Series C Preferred Stock at an exercise price of $0.65 per share were converted into the same number of warrants to purchase shares of common stock at the same warrant price per share, which resulted in an increase to additional paid-in capital of $14,000 at the time of the conversion. The fair value of the warrants for shares of common stock was determined using the Black-Scholes option pricing model with the following assumptions: a stock price volatility of 67.4%, an expected life equal to the remaining contractual term of the warrants of five years and a risk-free interest rate of 1.46%. The warrants are exercisable at any time through November 2018.

Common Shares

We have authorized 79.0 million shares of common stock, of which 17.4 million shares were issued and outstanding at December 31, 2014. Common shares reserved for future issuance upon the exercise, issuance or conversion of the respective equity instruments at December 31, 2014 are as follows:

(in thousands)	
Convertible preferred stock	42,208
Issued and Outstanding:	
Stock options	8,718
Warrants for shares of convertible preferred stock and common stock	2,885
Shares reserved for future award grants	399
Total	54,210

Warrants for Shares of Preferred and Common Stock

A summary of the activity related to our warrants during the year ended December 31, 2014 is as follows:

	Shares Subject to Warrants (in thousands)	Weighted-Average Warrant Price per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Warrants to Purchase Shares of Series C Preferred Stock				
Outstanding at January 1, 2014	1,775	$ 0.65		
Issued	288	$ 0.65		
Outstanding and exercisable at December 31, 2014	2,063	$ 0.65	4.7	$ —
Warrants to Purchase Shares of Common Stock				
Outstanding and exercisable at December 31, 2013 and 2014	822	$ 0.65	3.8	$ —

8. Equity Incentive Plan

Our 2006 Equity Incentive Plan (the "Plan") provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, and rights to purchase restricted stock to our employees, nonemployee directors and consultants. Recipients of incentive stock options shall be eligible to purchase shares of our common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of options granted under the Plan is ten years. As of December 31, 2014, awards for up to 9.1 million shares of common stock are reserved for issuance under the Plan, of which 8.7 million are reserved for issuance upon exercise of granted and outstanding options and 0.4 million shares are available for future grants. In April 2015, we increased the number of shares reserved and available for issuance under the Plan by 3.8 million shares.

Stock Options

Stock options granted to employees and nonemployees generally vest over a four-year period and have a maximum term of ten years from the date of grant, subject to earlier cancellation prior to vesting upon cessation of service to the Company. A summary of the activity related to stock option awards during the year ended December 31, 2014 is as follows:

	Shares Subject to Options (in thousands)	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2014	7,209	$ 0.17		
Granted	1,997	$ 0.10		
Forfeitures and cancellations	(488)	$ 0.11		
Outstanding and exercisable at December 31, 2014	8,718	$ 0.16	7.5	$ 463
Options vested or expected to vest at December 31, 2014	7,724	$ 0.16	7.3	$ 409

Total cash received from the exercise of stock options was $4,000 during the year ended December 31, 2013.

All stock option grants under the Plan provide for exercise of the stock option prior to vesting. Shares of common stock issued upon exercise of unvested options are subject to repurchase by us at the respective original exercise price until vested. Consideration received for the exercise of unvested stock options is recorded as a liability and reclassified into equity as the related award vests.

Stock-Based Compensation Expense

The estimated fair value of each stock option award was determined on the date of grant using the Black-Scholes option valuation model with the following assumptions for options granted to employees during the years ended December 31, 2013 and 2014:

	Year Ended December 31,	
	2013	2014
Risk-free interest rate	1.5%-1.6%	2.0%
Expected volatility	71.0%-72.5%	66.8%
Dividend Yield	0%	0%
Expected term (in years)	6.1-9.9	6.1
Weighted-average grant date fair value per share	$ 0.06	$ 0.15

We determine the appropriate, risk free interest rate, expected term for employee stock based awards, contractual term for nonemployee stock based awards, and volatility assumptions. The weighted-average expected option term for employee stock based awards reflects the application of the simplified method, which defines the life as the average of the contractual term of the options and the weighted average vesting period for all option tranches. The weighted average expected term for nonemployee stock based awards is the remaining contractual life of the award. Estimated volatility incorporates historical volatility of similar entities whose share prices are publicly available. The risk free interest rate is based upon U.S. Treasury securities with remaining terms similar to the expected or contractual term of the share based payment awards. The assumed dividend yield is based on our expectation of not paying dividends in the foreseeable future.

Total non-cash stock-based compensation expense for all stock awards that was recognized in the statements of operations is as follows:

	Year Ended December 31,	
(in thousands)	2013	2014
Research and development	$ 84	$ 87
General and administrative	67	73
Total	$ 151	$ 160

At December 31, 2014, there was $478,000 of unrecognized compensation cost related to unvested stock option awards, which is expected to be recognized over a remaining weighted average vesting period of 2.9 years.

9. Employee Benefit Plan

We have a defined-contribution 401(k) plan for our employees. Employees are eligible to participate in the plan beginning on the first day of the month following date of hire. Under the terms of the plan, employees may make voluntary contributions as a percentage of compensation and we have the option to make a discretionary match as determined by the board of directors, within prescribed limits. There were no employer contributions to the plan during the years ended December 31, 2013 or 2014.

10. Commitments and Contingencies

Operating Leases

We lease our facility under a non-cancellable operating lease, which expires in August 2016. The lease contains one option to renew for an additional five-year period.

Rent expense during each of the years ended December 31, 2013 and 2014 was $368,000. At December 31, 2014, deferred rent aggregated $222,000, of which $128,000 is included in other current liabilities and $94,000 is included in noncurrent liabilities in the accompanying balance sheet. At December 31, 2014, the future minimum annual obligations under non-cancellable operating lease commitments are $496,000 and $346,000, respectively.

License Agreements

We have entered into collaborative license agreements that provide us with rights to use certain know-how, technology and patent rights maintained by the licensors in our research and development efforts. Terms of the license agreements may require us to make upfront payments, milestone payments upon the achievement of certain product research and development objectives and royalty payments on fees received under our sublicensing arrangements and/or future sales, if any, of commercial products resulting from the collaboration. Certain of the licensing agreements require guaranteed minimum annual payments. Terms of the licensing agreements generally range from the remaining life of the patent up to 17 years and, in some cases, may be subject to earlier termination by either party upon specified circumstances.

Total expense incurred under all collaborative licensing agreements for upfront, milestone and royalty payments during the years ended December 31, 2013 and 2014 was $239,000 and $162,000 and, respectively. Total cash paid under these agreements during the years ended December 31, 2013 and 2014 was $98,000 and $227,000, respectively.

Future minimum guaranteed payment obligations for annual royalty payments under all such agreements at December 31, 2014 aggregated $208,000.

Letter of Credit

At December 31, 2013 and 2014, we were contingently liable for a standby letter of credit issued by a commercial bank for $110,000 and $85,000, respectively, for security on our lease. A restricted cash account with these amounts was held as cash collateral for the letter of credit.

Litigation

We are, from time to time, involved in legal proceedings, regulatory actions, claims and litigation arising in the ordinary course of business. Currently, we are not a defendant in any lawsuit.

11. Income Taxes

Significant components of our deferred tax assets and liabilities are as follows:

	December 31,	
(in thousands)	**2013**	**2014**
Deferred Tax Assets:		
Net operating loss carryforwards	$ 18,379	$ 16,480
Research and development credits	2,003	2,285
Other, net	352	220
Total deferred tax assets	20,734	18,985
Deferred Tax Liabilities:		
Fixed assets	(183)	(149)
Convertible promissory note	(480)	—
Total deferred tax liabilities	(663)	(149)
Net deferred tax assets	20,071	18,836
Less: valuation allowance	(20,071)	(18,836)
Deferred tax assets, net of valuation allowance	$ —	$ —

We have recorded a full valuation allowance against our net deferred tax assets due to the uncertainty surrounding the realization of such assets. Management has determined it more likely than not that the deferred tax assets are not realizable due to our historical loss position.

At December 31, 2014, we have federal and state net operating loss carryforwards ("NOL") of $41.4 million each. The federal and state NOLs will begin to expire in 2027 and 2017, respectively, unless previously utilized. At December 31, 2014 we had federal and California research tax credit carryforwards of $1.6 million and $1.4 million, respectively. The federal research tax credit carryforward will begin to expire in 2026 and the California state credits carryforward indefinitely.

The above NOL carryforward and the research tax credit carryforwards may be subject to an annual limitation under Section 382 and 383 of the Internal Revenue Code of 1986, and similar state provisions if we experience one or more ownership changes which would limit the amount of NOL and tax credit carryforwards that can be utilized to offset future taxable income and tax, respectively. In general, an ownership change as defined by Section 382 and 383, results from transactions increasing ownership of certain stockholders or public groups in the stock of the corporation by more than 50 percentage points over a three-year period. We have not completed an IRC Section 382/382 analysis. If a change in ownership were to have occurred, NOL and tax credits carryforwards could be eliminated or restricted. If eliminated, the related asset would be removed from the deferred tax asset schedule with a corresponding reduction in the valuation allowance. Due to the existence of the valuation allowance, limitations created by future ownership changes, if any, will not impact our effective tax rate.

The differences between the United States federal statutory tax rate and our effective tax rate are as follows:

	Year Ended December 31,	
	2013	2014
Statutory United States federal income tax rate	34.0%	34.0%
State income tax, net of federal benefit	6.3	6.3
Preferred stock warrant liabilities	3.8	0.6
Research credits	3.9	(8.0)
Other	(1.3)	2.1
Valuation allowance	(46.7)	(35.0)
Effective income tax rate	— %	— %

We recognize a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely than not recognition at the effective date to be recognized. At December 31, 2013 and 2014, we had no unrecognized tax benefits that, if recognized and realized, would affect the effective tax rate due to the valuation allowance against deferred tax assets. The following table summarizes the activity related to our unrecognized tax benefits:

	Year Ended December 31,	
(in thousands)	2013	2014
Balance at the beginning of the year	$ —	$ 258
Increase related to current year tax positions	29	31
Increase related to prior year tax positions	229	—
Balance at the end of the year	$ 258	$ 289

We do not anticipate there will be a significant change in unrecognized tax benefits within the next 12 months.

Our policy is to recognize interest and penalties related to income tax matters in the provision for income taxes. As of December 31, 2013 and 2014, there were no interest or penalties on uncertain tax benefits.

We file income tax returns in the United States and California. Due to our losses incurred, we are essentially subject to income tax examination by tax authorities from inception to date.

12. Subsequent Event

We have evaluated subsequent events from the balance sheet date through June 5, 2015, the date at which the financial statements were originally issued, except for the split of Series B and Series B-1 Preferred Stock described in the following paragraph.

On July 13, 2015, we amended and restated our certificate of incorporation to effect the split of Series B and Series B-1 Preferred Stock into ten shares for every nine shares outstanding. The financial statements and accompanying footnotes have been retroactively restated to reflect the Series B and Series B-1 Preferred Stock splits.

ANAPTYSBIO, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except par value data)

	December 31, 2014	June 30, 2015	Pro Forma Stockholders' Equity at June 30, 2015
			(unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 22,188	$ 16,894	
Receivable from collaborative partner	1,455	2,757	
Prepaid expenses and other current assets	758	1,426	
Total current assets	24,401	21,077	
Property and equipment, net	579	588	
Restricted cash	85	85	
Other assets	—	541	
Total assets	$ 25,065	$ 22,291	
LIABILITIES, CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable	$ 415	$ 765	
Accrued expenses	1,052	1,550	
Notes payable, current portion	—	634	
Deferred revenue	10,085	7,395	
Other current liabilities	129	135	
Total current liabilities	11,681	10,479	
Notes payable, net of current portion	4,793	4,214	
Deferred revenue	1,935	—	
Deferred rent	94	25	
Preferred stock warrant liabilities	569	1,720	$ —
Commitments and contingencies			
Series A convertible preferred stock, $0.001 par value, 3,015 shares authorized, no shares issued or outstanding at December 31, 2014 or June 30, 2015	—	—	—
Series B convertible preferred stock, $0.001 par value, 27,743 shares authorized, 27,743 shares issued and outstanding at December 31, 2014 and June 30, 2015; aggregate liquidation preference of $24,991 at June 30, 2015	28,220	28,220	—
Series C convertible preferred stock, $0.001 par value, 17,982 shares authorized, 11,147 shares issued and outstanding at December 31, 2014 and June 30, 2015; aggregate liquidation preference of $7,246 at June 30, 2015	6,452	6,452	—
Series C-1 convertible preferred stock, $0.001 par value, 10,500 shares authorized, 3,318 shares issued and outstanding at December 31, 2014 and June 30, 2015; aggregate liquidation preference of $6,470 at June 30, 2015	2,156	2,156	—
Stockholders' equity (deficit):			
Common stock, $0.001 par value, 79,000 shares authorized, 17,368 and 17,811 shares issued and outstanding at December 31, 2014 and June 30, 2015, respectively; 60,019 issued and outstanding, pro forma at June 30, 2015	17	18	60
Additional paid in capital	14,407	14,697	53,203
Accumulated deficit	(45,259)	(45,690)	(45,690)
Total stockholders' equity (deficit)	(30,835)	(30,975)	$ 7,573
Total liabilities, convertible preferred stock and stockholders' deficit	$ 25,065	$ 22,291	

See accompanying notes to unaudited consolidated financial statements.

ANAPTYSBIO, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Six Months Ended June 30,	
	2014	2015
Collaboration revenue	$ 5,979	$ 8,979
Operating expenses:		
Research and development	3,878	6,389
General and administrative	1,230	1,626
Total operating expenses	5,108	8,015
Income from operations	871	964
Other income (expense), net		
Interest expense	(29)	(229)
Interest expense, related parties	(1,241)	—
Change in fair value of liability for preferred stock warrants	(30)	(1,151)
Other income (expense)	1	(15)
Total other expense, net	(1,299)	(1,395)
Net loss	$ (428)	$ (431)
Net loss per common share, basic and diluted	$ (0.02)	$ (0.02)
Weighted-average number of shares outstanding, basic and diluted	17,368	17,583
Pro forma net loss per common share, basic and diluted		$ (0.01)
Pro forma weighted-average number of shares outstanding, basic and diluted		59,791

See accompanying notes to unaudited consolidated financial statements.

ANAPTYSBIO, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Six Months Ended June 30,	
	2014	2015
OPERATING ACTIVITIES		
Net loss	$ (428)	$ (431)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	156	146
Stock-based compensation	74	222
Change in fair value of liability for preferred stock warrants	30	1,151
Noncash interest expense	1,270	55
Loss (gain) on disposal of property and equipment	(1)	2
Changes in operating assets and liabilities:		
Receivable from collaborative partners	(1,206)	(1,302)
Prepaid expenses and other assets	(141)	(668)
Accounts payable and other liabilities	188	239
Deferred revenue	13,472	(4,625)
Net cash provided by (used in) operating activities	13,414	(5,211)
INVESTING ACTIVITIES		
Proceeds from sale of investment securities available for sale	5	—
Purchases of property and equipment	(94)	(112)
Net cash used in investing activities	(89)	(112)
FINANCING ACTIVITIES		
Proceeds from issuance of common stock	—	69
Payments for deferred offering costs	—	(40)
Net cash provided by financing activities	—	29
Net increase (decrease) in cash	13,325	(5,294)
Cash and cash equivalents, beginning of period	2,810	22,188
Cash and cash equivalents, end of period	$16,135	$16,894
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Amounts accrued for property and equipment	$ —	$ 45
Amounts accrued for deferred financing costs	$ —	$ 501

See accompanying notes to unaudited consolidated financial statements.

ANAPTYSBIO, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and basis of Presentation

AnaptysBio, Inc. ("we," "us," "our," or the "Company") was incorporated in the state of Delaware in November 2005. We are a biotechnology company developing first-in-class antibody product candidates focused on unmet medical needs in inflammation and immuno-oncology. We develop our product candidates using our proprietary, antibody discovery technology platform ("SHM-XEL"), which is designed to replicate, *in vitro*, the natural process of antibody generation. We currently generate revenue from our collaborative research and development arrangements.

Basis of Presentation and Liquidity

The accompanying consolidated financial statements include the Company and its wholly-owned subsidiary. All intercompany accounts and transactions have been eliminated in consolidation.

Since our inception, we have devoted our primary effort to raising capital and research and development activities, and have incurred losses and negative cash flows from operations and have an accumulated deficit at June 30, 2015 of $45.7 million. All of our financial support has been provided primarily from the sale of our common and preferred stock and proceeds from the issuance of convertible debt and notes payable. As of June 30, 2015, however, following the execution of a significant strategic collaboration in 2014, we have positive working capital. Going forward, as we continue our expansion, we may seek additional financing and/or strategic investments. However, there can be no assurance that any additional financing or strategic investments will be available to us on acceptable terms, if at all. If events or circumstances occur such that we do not obtain additional funding, we will most likely be required to reduce our plans and/or certain discretionary spending, which could have a material adverse effect on our ability to achieve our intended business objectives. The accompanying consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been omitted. The accompanying unaudited consolidated financial statements include all known adjustments necessary for a fair presentation of the results of interim periods as required by GAAP. These adjustments consist primarily of normal recurring accruals and estimates that impact the carrying value of assets and liabilities. Actual results may materially differ from these estimates. Operating results for the six months ended June 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. The financial statements should be read in conjunction with our audited financial statements for the year ended December 31, 2014, included elsewhere in this prospectus.

Unaudited Pro Forma Stockholders' Equity

Prior to the closing of the offering contemplated by this prospectus, we expect all of our convertible preferred stock outstanding to convert into shares of common stock at the then applicable conversion rate. The unaudited pro forma stockholders' equity is based on the assumed conversion of shares of convertible preferred stock outstanding at June 30, 2015.

2. Significant Accounting Policies

Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make judgments, assumptions and estimates that affect the amounts reported in our consolidated financial statements and

accompanying notes. Significant estimates in the consolidated financial statements have been made for preferred stock warrant liabilities and stock-based compensation. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents consist primarily of money market and mutual funds with original maturities of 90 days or less.

Restricted Cash

At December 31, 2014 and June 30, 2015, we held restricted cash of $85,000, used to secure a letter of credit provided as security for our operating lease for our facility.

Deferred Offering Costs

During the six months ended June 30, 2015, we incurred an aggregate of $0.5 million in direct costs related to our July 2015 Series D Convertible Preferred Stock financing and anticipated public offering of common stock. These costs were deferred and recorded as a long-term asset at June 30, 2015.

Revenue Recognition

Revenue is recognized in accordance with revenue recognition accounting guidance, which requires that four basic criteria be met before revenue can be recognized: 1) persuasive evidence that an arrangement exists; 2) delivery has occurred and title and the risks and rewards of ownership have been transferred to the client or services have been rendered; 3) the price is fixed or determinable; and 4) collectability is reasonably assured.

Multiple-Element Revenue Arrangements. We evaluate deliverables in a multiple-element arrangement to determine whether each deliverable represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value to the customer. If the delivered element does not have standalone value without one of the undelivered elements in the arrangement, we combine such elements and account for them as a single unit of accounting. We allocate the consideration to each unit of accounting at the inception of the arrangement based on the relative selling price.

We recognize consideration allocated to an individual element when all other revenue recognition criteria are met for that element. Our multiple-element revenue arrangements may include the following:

- **License arrangements**. The deliverables under our collaboration and license agreements generally include exclusive or nonexclusive licenses to one or more products generated using our technologies. As the delivered licenses have not historically had standalone value apart from the undelivered elements, these have been recognized as revenue as a combined unit of accounting. Accordingly, we recognize revenue from nonrefundable upfront fees in the same manner as the undelivered item(s), which is generally the period over which we provide research and development services.
- **Research and Development Services.** The deliverables under our collaboration and license arrangements may include research and development services we perform on behalf of or with our collaborators. As the provision of research and development services is an integral part of our operations and we may be principally responsible for the performance of these services under the agreements, we recognize revenue on a gross basis for research and development services as we perform those services. Additionally, we recognize research related funding under collaboration research and development efforts as revenue as we perform or deliver the related services in accordance with contract terms.

Milestone Revenue. Our collaboration and license agreements generally include contingent contractual payments related to achievement of specific research, development and regulatory milestones and sales-based milestones that are dependent upon the performance of the licensor or collaborator. A milestone is defined as an event (i) that can only be achieved based in whole or in part on either the entity's performance or on the occurrence of a specific outcome resulting from the entity's performance, (ii) for which there is substantive uncertainty at the date the arrangement is entered into that the event will be achieved and (iii) that would result in additional payments being due to us. Contingent consideration for which payment is either contingent solely upon the passage of time or the result of a counterparty's performance is not considered substantive.

We recognize consideration that is contingent upon the achievement of a milestone in its entirety as revenue in the period in which the milestone is achieved only if the milestone is substantive in its entirety. A milestone is considered substantive when it meets all of the following criteria:

- The consideration is commensurate with either the entity's performance to achieve the milestone or the enhancement of the value of the delivered item(s) as a result of a specific outcome resulting from the entity's performance to achieve the milestone;
- The consideration relates solely to past performance; and
- The consideration is reasonable relative to all of the deliverables and payment terms within the arrangement.

Milestones that are not considered substantive are generally recognized in the same manner as the undelivered item(s), which is generally the period over which we provide research and development services.

Stock-Based Compensation

We recognize stock-based compensation expense using a fair-value-based method for costs related to all share-based payments, including stock options. Stock-based compensation cost for stock options granted to our employees and directors is measured at the grant date based on the fair-value of the award which is estimated using the Black-Scholes option-pricing model, and is recognized as expense over the requisite service period on a straight-line basis. We estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. We use historical data to estimate option forfeitures prior to vesting and record stock-based compensation expense only for those awards that are expected to vest.

Options granted to individual service providers who are not employees or directors are accounted for at estimated fair values using the Black-Scholes option-pricing model and are subject to periodic remeasurement over the period during which the services are rendered.

No tax benefits for stock-based compensation have been recognized in the statements of cash flows. We have not recognized, and do not expect to recognize in the near future, any tax benefit related to stock-based compensation cost as a result of our full valuation allowance on our net deferred tax assets and net operating loss carryforwards.

Warrants for Shares of Preferred Stock

We account for warrants for shares of preferred stock with conversion features that provide for reductions in the warrant price as derivative liabilities in the accompanying balance sheets at their fair value on the date of issuance. The derivative liabilities are revalued at each balance sheet date until such instruments are exercised or expire, with changes in the fair value between reporting periods recorded as other income or expense.

Fair Value of Financial Instruments

Our financial instruments consist principally of cash, cash equivalents, restricted cash, receivables from collaborative partners, accounts payable, notes payable and preferred stock warrant liabilities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs that are supported by little or no market activities, therefore requiring an entity to develop its own assumptions.

Functional Currency of Foreign Operations

Our international subsidiary operates in a United States dollar ("U.S. dollar") functional currency environment. Assets and liabilities of our foreign subsidiary that are not denominated in the functional currency are remeasured into U.S. dollars at foreign currency exchange rates in effect at the balance sheet date except for nonmonetary assets and capital accounts, which are remeasured at historical foreign currency exchange rates in effect at the date of transaction. Expenses are generally remeasured at monthly foreign currency exchange rates which approximate average rates in effect during each period. Net realized and unrealized gains and losses from foreign currency transactions and remeasurement are reported in other income (expense), net, in the consolidated statements of operations and totaled $17,000 during the six months ended June 30, 2015.

Net Loss Per Common Share and Pro Forma Net Loss Per Common Share

Basic and diluted net loss per common share is computed by dividing net loss by the weighted-average number of common shares outstanding during the period without consideration of common stock equivalents.

Computations for basic and diluted net loss per common share are below. The unaudited pro forma basic and diluted net loss per common share calculation assumes the conversion of all outstanding shares of convertible preferred stock into common stock as if such conversion had occurred on January 1, 2015 or the original issuance date, if later.

(in thousands, except per share data)	Net Loss (Numerator)	Shares (Denominator)	Amount
Six Months Ended June 30, 2014			
Basic and diluted net loss per common share:			
Net loss	$ (428)	17,368	$ (0.02)
Six Months Ended June 30, 2015			
Basic and diluted net loss per common share:			
Net loss	$ (431)	17,583	$ (0.02)
Pro Forma for the Six Months Ended June 30, 2015			
Basic and diluted net loss per common share:			
Net loss	$ (431)	17,583	
Pro forma adjustment to reflect the assumed conversion of convertible preferred shares	—	42,208	
Pro forma basic and diluted net loss per common share	$ (431)	59,791	$ (0.01)

Common stock equivalents issuable upon the conversion or exercise of dilutive securities that could potentially reduce net income per common share in the future that were excluded from the determination of diluted net loss per common share as their effects were antidilutive are as follows:

(in thousands)	Six Months Ended June 30, 2014	2015
Convertible preferred stock	40,549	42,208
Options to purchase common stock	7,155	8,472
Warrants to purchase preferred stock	1,775	2,064
Warrants to purchase common stock	822	822
Total	50,301	53,566

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition guidance in FASB ASC 605, Revenue Recognition, including industry-specific guidance. This standard is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also requires additional disclosure about the nature, amount, timing and uncertainty of assets recognized from costs incurred to fulfill a contract and was originally effective for our annual reporting period beginning January 1, 2018, including interim periods within that reporting period, with adoption permitted as early as January 1, 2017. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. We are currently assessing the impact that this standard will have on our consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements—Going Concern*, which provides guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and the related footnote disclosure. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date financial statements are issued. When management identifies conditions or events that raise substantial doubt about the entity's ability to continue as a going concern, this standard also outlines disclosures that are required in the footnotes to the financial statements based on whether or not there are any plans intended to mitigate the relevant conditions or events to alleviate the substantial doubt. This standard becomes effective for our annual reporting period ending December 31, 2016, and for annual and interim periods thereafter. Early application is permitted. We do not expect the adoption of this standard to have a material impact on our consolidated financial statements.

3. Balance Sheet Accounts and Supplemental Disclosures

Property and Equipment

Property and equipment consist of the following:

(in thousands)	December 31, 2014	June 30, 2015
Laboratory equipment	$ 3,031	$ 3,177
Office furniture and equipment	565	570
Leasehold improvements	338	338
	3,934	4,085
Less: accumulated depreciation and amortization	(3,355)	(3,497)
Total property and equipment, net	$ 579	$ 588

Accrued Expenses

Accrued expenses consist of the following:

(in thousands)	December 31, 2014	June 30, 2015
Accrued compensation and related expenses	$ 588	$ 516
Accrued professional fees	—	460
Accrued research and contract manufacturing expenses	293	447
Other	171	127
Total accrued expenses	$ 1,052	$1,550

4. Collaborative Research and Development Agreements

TESARO Collaboration

In March 2014, we entered into a Collaboration and Exclusive License Agreement with TESARO, Inc. and TESARO Development, Inc. (collectively, “TESARO”), an oncology-focused biopharmaceutical company. Under the terms of the agreement, we agreed to perform certain discovery and early preclinical development of therapeutic antibodies with the goal of generating immunotherapy antibodies for subsequent preclinical, clinical, regulatory and commercial development to be performed by TESARO. Under the terms of the agreement, TESARO paid an upfront license fee of $17.0 million in March 2014 and agreed to provide funding to us for research and development services related to antibody discovery programs for three specific targets.

In November 2014, we and TESARO entered into Amendment No. 1 to the Agreement to add an antibody discovery program against a fourth target for an upfront license fee of $2.0 million.

For each development program, we are eligible to receive milestone payments of up to $18.0 million if certain clinical trial events are achieved by TESARO, up to an additional $90.0 million if certain U.S. and European regulatory submissions and approvals in multiple indications are achieved, and up to an additional $165.0 million upon the achievement of specified levels of annual worldwide net sales. We will also be eligible to receive tiered single-digit royalties related to worldwide net sales of products developed under the collaboration and certain commercial milestone payments if specified levels of annual worldwide net sales are attained. Unless earlier terminated by either party upon specified circumstances, the agreement will terminate, with respect to each specific developed product, upon the later of the 12th anniversary of the first commercial sale of the product or the expiration of the last to expire of any patent. In June 2015, TESARO notified us that they had initiated *in vivo* toxicology studies using good laboratory practices for our anti-PD-1 antagonist antibody (TSR-042), resulting in a $1.0 million milestone payment, which we received in July 2015.

We determined that the upfront license fees, milestone payments that are not considered substantive and research funding under the agreement, as amended, should be accounted for as a single unit of accounting, and that the upfront license fees and such milestone payments should be deferred and recognized as revenue over the same period that the research and development services are performed. As a result, the $17.0 million and $2.0 million license fees have been deferred and are being recognized as revenue ratably over the research periods specified in the contract of 24 and 16 months, respectively. In addition, we recognized revenue of $0.6 million during the six months ended June 30, 2015 for the achievement of the $1.0 million milestone, with the remaining $0.4 million of the milestone to be recognized ratably through the end of the specified contract, in March 2016. Revenue from the remaining contingent milestone payments will be recognized if and when such payments become due, subject to satisfaction of all of the criteria necessary to recognize revenue at that time.

Revenue recognized during the six months ended June 30, 2014 under the TESARO agreement aggregated $4.1 million, which includes $2.6 million for the amortization of the upfront fee and $1.5 million in funding for research and development services. Revenue recognized under this agreement aggregated $9.0 million during the six months ended June 30, 2015, which includes $5.6 million for the amortization of the upfront fees and milestone payment, and $3.4 million in funding for research and development services. Amounts receivable from TESARO at December 31, 2014 and June 30, 2015 were $1.5 million and $2.8 million, respectively. Deferred revenue for this agreement was $12.0 million and $7.4 million at December 31, 2014 and June 30, 2015, respectively.

Celgene Antibody Generation Agreement

In 2011, we entered into an Antibody Generation Agreement with Celgene Corporation (“Celgene”), under which we agreed to develop human therapeutic agents against multiple targets. We successfully delivered three antibodies against three targets under this agreement. The final deliverable under this agreement was completed in 2014. Under the terms of the agreement, Celgene agreed to pay an upfront fee of $6.0 million, followed by a success fee of $0.5 million upon successful delivery of therapeutic antibodies against each of the targets involved.

The upfront payment was recognized as revenue ratably over the estimated time to project completion through February 2014. Revenue recognized under this agreement during the six months ended June 30, 2014 aggregated $0.6 million and includes $0.5 million for a success fee and $92,000 for funding of research and development.

Momenta Antibody Generation Agreement

In December 2013, we entered into an Antibody Generation Agreement, which expired in 2014, with Momenta Pharmaceuticals, Inc. (“Momenta”) under which we agreed to generate certain antibodies with enhanced affinity specific for a particular target for use in the development of human therapeutic agents by Momenta. Under the terms of the agreement, Momenta agreed to pay an upfront fee of $1.1 million, followed by a $2.0 million success fee, which occurred in the third quarter of 2014.

The upfront payment was recognized as revenue ratably over the estimated time to project completion, or nine months, beginning January 2014 when the project commenced. Revenue recognized during the six months ended June 30, 2014 aggregated $0.7 million, which represents amortization of the upfront fee.

Other Collaborative Agreements

During the six months ended June 30, 2014, we recognized revenue from other collaborative partners aggregating $0.6 million, for the development of antibodies for specified targets. Revenue from these agreements consisted of a final payment and the amortization of upfront payments that were recognized as the related services were provided. Our obligations under these collaborative agreements were completed by the end of 2014.

5. Notes Payable

Notes Payable

In December 2014, we entered into a Loan and Security Agreement with a bank and a financial institution whereby we may borrow up to $15.0 million in three separate draws of $5.0 million each. The Term A Loans, for an aggregate of $5.0 million, were drawn on December 24, 2014. The Term B Loans for an aggregate of $5.0 million are available for draw through December 31, 2015, contingent upon our first multi-dose PK/toxicology studies on at least two development programs and the Term C Loans for an aggregate of $5.0 million are available for draw through December 31, 2016, contingent upon receiving FDA approval on IND submission on at least two development programs. The Term A Loans each bear a fixed rate of interest of 6.97% and are due in 12 monthly interest-only payments through January 2016, followed by 36 equal monthly principal and interest payments, with final maturity in January 2019.

Upon the issuance of the Term B Loans, the interest-only periods for both the Term A and B Loans are extended by six months through July 2016, followed by 30 equal monthly principal and interest payments, with final maturity of all Loans in January 2019. Upon the issuance of the Term C Loans, the interest-only periods for all Loans are further extended by six months through January 2017, followed by 24 equal monthly principal and interest payments, with final maturity of Loans in January 2019. If the Term B and C Loans are issued, they will bear interest at the greater of 6.95% or the 3-month LIBOR plus 6.72%.

The costs incurred to issue the Term A Loans of $85,000 were deferred and are included in the discount to the carrying value of the Term A Loans in the accompanying balance sheet. The Term A Loans also include a final payment fee of $250,000 due at the earlier of prepayment or the maturity date of the Term A Loans. The deferred costs and the final payment fee will be amortized to interest expense over the expected term of the Term A Loans using the effective interest method.

In connection with the Loan and Security Agreement, we issued detachable, fully vested warrants to purchase an aggregate of 288,462 shares of Series C Preferred Stock at an exercise price of $0.65 per share to the lenders, which are subject to change under anti-dilution provisions. The warrants are exercisable at any time through December 2024. The grant-date fair value of the warrants of $124,000 was recorded as a liability, and presented as an offset to the carrying value of the Term A Loans. The offset will be recognized as additional interest expense over the remaining term of the Loans. The initial fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: a stock price volatility of 70.2%, an expected life equal to the contractual term of the warrants of ten years and a risk-free interest rate of 1.97%.

At December 31, 2014 and June 30, 2015, the carrying amounts of the Term A Loans were both $4.8 million, net of discounts of $209,000 and $153,000, respectively. The effective interest rate on the Term A Loans at June 30, 2015 was 9.25%. As of June 30, 2015, future maturities of the Term A Loans were $1.4 million, $1.7 million, $1.8 million, and $153,000 in 2016, 2017, 2018 and 2019, respectively.

The Term A Loans are secured by a first priority interest in most of our assets, excluding intellectual property, with a net book value of $5.9 million at June 30, 2015. We are also required to maintain a minimum of 50% of our operating and investment account balances at all times with one of the lenders. At June 30, 2015, we were in compliance with the covenants contained in the Loan and Security Agreement.

6. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes our assets and liabilities that require fair value measurements on a recurring basis and their respective input levels based on the fair value hierarchy:

		Fair Value Measurements at End of Period Using:		
(in thousands)	Fair Value	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
At December 31, 2014				
Money market funds(1)	$ 14,736	$ 14,736	$ —	$ —
Mutual funds(1)	7,227	7,227	—	—
U.S. treasury security(2)	90	90	—	—
Preferred stock warrant liabilities	569	—	—	569
At June 30, 2015				
Money market funds(1)	$ 9,236	$ 9,236	$ —	$ —
Mutual funds(1)	5,154	5,154	—	—
U.S. treasury security(2)	90	90	—	—
Preferred stock warrant liabilities	1,720	—	—	1,720

(1) Included in cash and cash equivalents in the accompanying balance sheets.
(2) Included in cash and cash equivalents and restricted cash in the accompanying balance sheets.

Marketable Securities. For fair values determined by Level 1 inputs, which utilize quoted prices in active markets for identical assets, the level of judgment required to estimate fair value is relatively low. The fair values of investments in money market funds, mutual funds and U.S. treasury securities were determined using Level 1 inputs.

Warrant Liabilities. Our preferred stock warrants are accounted for as derivative liabilities and measured at fair value on a recurring basis as they contain features that are either not afforded equity classification or embody risks that are not clearly and closely related to host contracts. We estimate fair values of these derivatives utilizing the Black-Scholes option-pricing model, which requires Level 3 inputs.

Estimating fair values of derivative financial instruments, including Level 3 instruments, require the use of significant and subjective inputs that may, and are likely to, change over the duration of the instrument with related changes in internal and external market factors, including changes in the estimated fair value of our equity securities.

The following weighted-average assumptions were employed in estimating the value of the liabilities for Series C Preferred Stock warrants using the Black-Scholes option-pricing model as of the following dates:

(in thousands)	December 31, 2014	June 30, 2015
Fair value of preferred stock	$ 0.58	$ 1.23
Exercise price	$ 0.65	$ 0.65
Risk-free interest rate	1.26%	1.37%
Volatility	61.3%	69.9%
Dividend Yield	0%	0%
Contractual term (in years)	4.8	4.3
Weighted-average measurement date fair value per share	$ 0.28	$ 0.83

Prior to 2015, we determined the fair value of our preferred stock warrants on an annual basis. In accordance with accounting guidance for interim reporting, we have recognized $30,000 as a ratable portion of the annual expense for the change in fair value in the statement of operations for the six months ended June 30, 2014.

A 10% increase in the fair values of preferred stock at December 31, 2014 and June 30, 2015 would result in increases in the estimated fair values of the preferred stock warrant liabilities of $89,000 and $226,000, respectively.

The following table summarizes the activity in liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3 Inputs):

	Six Months Ended June 30,	
(in thousands)	2014	2015
Preferred Stock Warrant Liabilities:		
Beginning balance	$ (386)	$ (569)
Unrealized net losses included in other income (expense), net	(30)	(1,151)
Ending balance	$ (416)	$ (1,720)

Fair Value of Other Financial Instruments

The carrying amounts of certain of our financial instruments, including cash and cash equivalents, receivable from collaborative partner, accounts payable and accrued expenses approximate fair value due to their short-term nature. The carrying amount of our notes payable of $4.8 million at June 30, 2015 approximates fair value due to the close proximity of their issuance in December 2014.

7. Equity Incentive Plan

Our 2006 Equity Incentive Plan (the “Plan”) provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, and rights to purchase restricted stock to our employees, nonemployee directors and consultants. Recipients of incentive stock options shall be eligible to purchase shares of our common stock at an exercise price equal to no less than the estimated fair market value of such stock on the date of grant. The maximum term of options granted under the Plan is ten years. On April 29, 2015, our stockholders approved an amendment to the Plan which provided for an increase in the number of shares of common stock available for issuance under the plan by 3.8 million. As of June 30, 2015, awards for up to 12.5 million shares of common stock are reserved for issuance under the Plan, of which 8.7 million are reserved for issuance upon exercise of granted and outstanding options and 3.8 million shares are available for future grants.

Stock Options

Stock options granted to employees and nonemployees generally vest over a four-year period and have a maximum term of ten years from the date of grant, subject to earlier cancellation prior to vesting upon cessation of service to the Company. A summary of the activity related to stock option awards during the six months ended June 30, 2015 is as follows:

	Shares Subject to Options (in thousands)	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at January 1, 2015	8,718	$ 0.16		
Grant	534	$ 0.65		
Exercised	(443)	$ 0.15		
Forfeitures and cancellations	(152)	$ 0.15		
Outstanding and exercisable at June 30, 2015	8,657	$ 0.19	7.2	$ 6,951
Options vested or expected to vest at June 30, 2015	7,682	$ 0.19	7.2	$ 6,162

Total cash received from the exercise of stock options was $69,000 during the six months ended June 30, 2015.

All stock option grants under the Plan provide for exercise of the stock option prior to vesting. Shares of common stock issued upon exercise of unvested options are subject to repurchase by us at the respective original exercise price until vested. Consideration received for the exercise of unvested stock options is recorded as a liability and reclassified into equity as the related award vests.

Stock-Based Compensation Expense

The estimated fair values of stock option awards granted to employees were determined on the date of grant using the Black-Scholes option valuation model with the following assumptions:

	Six Months Ended June 30,	
(in thousands)	2014	2015
Risk-free interest rate	2.0%	1.4%
Expected volatility	66.8%	68.9%
Dividend Yield	0%	0%
Expected term (in years)	6.1	6.1
Weighted-average grant date fair value per share	$ 0.15	$ 0.40

We determine the appropriate, risk free interest rate, expected term for employee stock based awards, contractual term for nonemployee stock based awards, and volatility assumptions. The weighted-average expected option term for employee stock based awards reflects the application of the simplified method, which defines the life as the average of the contractual term of the options and the weighted average vesting period for all option tranches. The weighted average expected term for nonemployee stock based awards is the remaining contractual life of the award. Estimated volatility incorporates historical volatility of similar entities whose share prices are publicly available. The risk free interest rate is based upon U.S. Treasury securities with remaining terms similar to the expected or contractual term of the share based payment awards. The assumed dividend yield is based on our expectation of not paying dividends in the foreseeable future.

Total non-cash stock-based compensation expense for all stock awards that was recognized in the statements of operations is as follows:

(in thousands)	Six Months Ended June 30, 2014	2015
Research and development	$ 42	$ 175
General and administrative	32	47
Total	$ 74	$ 222

At June 30, 2015, there was $0.5 million of unrecognized compensation cost related to unvested stock option awards, which is expected to be recognized over a remaining weighted average vesting period of 3.3 years.

8. Subsequent Events

We have evaluated subsequent events from the balance sheet date through August 17, 2015, the date at which the financial statements were issued.

Amendments to Certificate of Incorporation and 2006 Equity Incentive Plan

On July 13, 2015, we amended our amended and restated certificate of incorporation to:

- increase the total number of shares authorized for issuance from 141,506,903 shares to 203,208,537 shares, of which 120,500,000 shares are designated as common stock and 82,708,537 shares are designated as preferred stock,
- eliminate the designation of Series A Preferred Stock,
- reduce the number of shares designated as Series B Preferred Stock from 28,991,125 shares to 25,524,510 shares,
- reduce the number of shares designated as Series C Preferred Stock from 17,982,024 to 13,210,753 shares,
- reduce the number of shares designated as Series C-1 Preferred stock from 10,500,000 shares to 3,318,054 shares,
- authorize the issuance of 38,436,851 shares Series D Convertible Preferred stock, and
- provide for the split of Series B and Series B-1 Preferred Stock into ten shares for every nine shares outstanding.

The consolidated financial statements and accompanying footnotes have been retroactively restated to reflect the Series B and Series B-1 Preferred stock splits.

The holders of the Series D Preferred Stock are entitled to: 1) one vote for each share of common stock into which the Series D Convertible Preferred Stock could then be converted, 2) receive noncumulative dividends at a rate of 8% per annum, which are in priority and preference to all other series of preferred stock and common stock, 3) in preference to all other series of preferred stock and common stock, distributions upon liquidation of $1.06 per share plus all declared and unpaid dividends, and 4) convert into an equal number of shares of common stock.

On July 9, 2015, we amended our 2006 Equity Incentive Plan to increase the number of shares reserved for issuance under the plan by 4,766,852 shares.

Issuance of Series D Convertible Preferred Stock

On July 13, 2015, we issued and sold 38,436,851 shares of Series D Convertible Preferred Stock at $1.06 per share for net proceeds of $40.7 million.

Grant of Stock Options

Subsequent to June 30, 2015, we granted options to purchase 5,496,050 shares of common stock at an exercise price of $0.99 per share.

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Shares

AnaptysBio, Inc.

Common Stock

PRELIMINARY PROSPECTUS

BMO Capital Markets

Stifel

JMP Securities

Wedbush PacGrow

, 2015

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all costs and expenses, other than underwriting discounts and commissions, paid or payable by the Registrant in connection with the sale of the common stock being registered. All amounts shown are estimates except for the SEC registration fee and the FINRA filing fee:

	Amount Paid or to be Paid
SEC registration fee	$ 10,023
FINRA filing fee	13,438
NASDAQ listing fee	*
Blue sky qualification fees and expenses	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous expenses	*
Total	$ *

* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers under certain circumstances and subject to certain limitations. The terms of Section 145 of the Delaware General Corporation Law are sufficiently broad to permit indemnification under certain circumstances for liabilities, including reimbursement of expenses incurred, arising under the Securities Act.

As permitted by the Delaware General Corporation Law, the Registrant's restated certificate of incorporation to be effective in connection with the closing of this offering contains provisions that eliminate the personal liability of its directors for monetary damages for any breach of fiduciary duties as a director, except liability for the following:

- any breach of the director's duty of loyalty to the Registrant or its stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- under Section 174 of the Delaware General Corporation Law (regarding unlawful dividends and stock purchases); or
- any transaction from which the director derived an improper personal benefit.

As permitted by the Delaware General Corporation Law, the Registrant's restated bylaws to be effective upon the closing of this offering, provide that:

- the Registrant is required to indemnify its directors and executive officers to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions;
- the Registrant may indemnify its other employees and agents as set forth in the Delaware General Corporation Law;

- the Registrant is required to advance expenses, as incurred, to its directors and executive officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to limited exceptions; and
- the rights conferred in the restated bylaws are not exclusive.

Prior to the closing of this offering, the Registrant has entered into indemnification agreements with each of its current directors and executive officers to provide these directors and executive officers additional contractual assurances regarding the scope of the indemnification set forth in the Registrant's restated certificate of incorporation and restated bylaws and to provide additional procedural protections. There is no pending litigation or proceeding involving a director or executive officer of the Registrant for which indemnification is sought. Reference is also made to Section 9 of the underwriting agreement to be filed as Exhibit 1.1 to this registration statement, which provides for the indemnification of executive officers, directors and controlling persons of the Registrant against certain liabilities. The indemnification provisions in the Registrant's restated certificate of incorporation, restated bylaws and the indemnification agreements entered into or to be entered into between the Registrant and each of its directors and executive officers may be sufficiently broad to permit indemnification of the Registrant's directors and executive officers for liabilities arising under the Securities Act.

The Registrant currently carries liability insurance for its directors and officers.

Reference is made to the following documents filed as exhibits to this Registration Statement regarding relevant indemnification provisions described above and elsewhere herein:

Exhibit Document	Number
Form of Underwriting Agreement.	1.1
Form of Restated Certificate of Incorporation to be effective upon the closing of this offering.	3.2
Form of Restated Bylaws to be effective upon the closing of this offering.	3.4
Amended and Restated Investors' Rights Agreement dated July 13, 2015 among the Registrant and certain of its stockholders, as amended.	4.2
Form of Indemnification Agreement.	10.1

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

The following lists set forth information regarding all securities sold or granted by us within the past three years that were not registered under the Securities Act, and the consideration, if any, received by us for such securities:

(a) Stock Option Grants

Between August 31, 2012 and August 31, 2015, the Registrant granted options to purchase 9,451,991 shares of common stock under our 2006 Equity Incentive Plan to our directors, officers, employees, consultants, and other service providers with per share exercise prices ranging from $0.10 to $0.99. In this same period, the Registrant issued 548,076 shares of common stock upon exercise of stock options previously issued under the 2006 Equity Incentive Plan to our directors, officers, employees, consultants, and other service providers for cash consideration in the aggregate amount of $90,300.26. The stock options and the common stock issuable upon the exercise of such options as described in this section (a) of Item 15 were issued pursuant to written compensatory plans or arrangements with the Company's employees and directors in reliance on the exemption provided by Rule 701 promulgated under the Securities Act. All recipients either received adequate information about the Company or had access, through employment or other relationships, to such information.

(b) Warrants to Purchase Common Stock

In August 2013, the Registrant issued a warrant to an accredited investor to purchase 822,386 shares of Registrant's common stock upon the conversion of warrant to purchase 822,386 shares of the Registrant's Series

C convertible preferred stock The common stock warrant has a per share exercise price of $0.65. The securities issued in this transaction were exempt from the registration requirements of the Securities Act in reliance upon Section 4(2) under the Securities Act.

(c) Sales and Conversion of Preferred Stock

1. In August 2013, the Registrant issued an aggregate of 14,258,530 shares of Registrant's common stock to an accredited investor upon the conversion of 3,000,000 previously-held shares of Series A convertible preferred stock and 6,019,065 previously-held shares of Series B convertible preferred stock. The securities issued in this transaction were exempt from the registration requirements of the Securities Act in reliance upon on Rule 506 promulgated under the Securities Act.

2. In August 2013, the Registrant issued a warrant to purchase 822,386 shares of Registrant's common stock upon the conversion of warrant to purchase 822,386 shares of the Registrant's Series C convertible preferred stock The warrant has a per share exercise price of $0.65. The securities issued in this transaction were exempt from the registration requirements of the Securities Act in reliance upon on Rule 506 promulgated under the Securities Act.

3. In April 2014, the Registrant issued an aggregate of 3,318,054 shares of the Registrant's Series C-1 convertible preferred stock at a purchase price of $0.65 per share for an aggregate purchase price of $2.2 million to 12 purchasers that represented to us that they are each a sophisticated accredited investor and qualified institutional buyer. The securities issued in this transaction were exempt from registration requirements of the Securities Act in reliance on Rule 506 promulgated under the Securities Act.

4. In July 2015, the Registrant issued an aggregate of 38,436,851 shares of the Registrant's Series D convertible preferred stock at a purchase price of $1.06 per share for an aggregate purchase price of $40.8 million to 19 purchasers that represented to us that they are each a sophisticated accredited investor and qualified institutional buyer. The securities issued in this transaction were exempt from registration requirements of the Securities Act in reliance on Rule 506 promulgated under the Securities Act.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions or any public offering, and the Registrant believes each transaction was exempt from the registration requirements of the Securities Act as stated above. All recipients of the foregoing transactions either received adequate information about the Registrant or had access, through their relationships with the Registrant, to such information. Furthermore, the Registrant affixed appropriate legends to the share certificates and instruments issued in each foregoing transaction setting forth that the securities had not been registered and the applicable restrictions on transfer.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

See Exhibit Index immediately following signature page.

(b) Financial Statement Schedules.

No financial statement schedules are provided because the information called for is not required or is shown either in the financial statements or notes.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(a) purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in San Diego, California, on the 9th day of September, 2015.

ANAPTYSBIO, INC.

By: /s/ Hamza Suria
Hamza Suria
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Hamza Suria and Robert E. Hoffman, and each of them, as his or her true and lawful attorneys-in-fact, proxies and agents, each with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact, proxies and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or her might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, proxies and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Hamza Suria Hamza Suria	President, Chief Executive Officer and Director (Principal Executive Officer)	September 9, 2015
/s/ Robert E. Hoffman Robert E. Hoffman	Chief Financial Officer (Principal Accounting and Financial Officer)	September 9, 2015
/s/ Tiba Aynechi, Ph.D. Tiba Aynechi, Ph.D.	Director	September 9, 2015
/s/ Carol G. Gallagher, Pharm.D. Carol G. Gallagher, Pharm.D.	Director	September 9, 2015
/s/ Nicholas B. Lydon, Ph.D., FRS Nicholas B. Lydon, Ph.D., FRS	Director	September 9, 2015
/s/ Hollings Renton Hollings Renton	Director	September 9, 2015
/s/ John Schmid John Schmid	Director	September 9, 2015
/s/ James N. Topper, M.D., Ph.D. James N. Topper, M.D., Ph.D.	Director	September 9, 2015

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EXHIBIT INDEX

Exhibit Number	Description of Document
1.1†	Form of Underwriting Agreement, including Form of Lock-Up Agreement.
3.1	Amended and Restated Certificate of Incorporation, as amended to date, as currently in effect.
3.2	Form of Restated Certificate of Incorporation to be effective upon the closing of this offering.
3.3	Bylaws, as currently in effect.
3.4	Form of Restated Bylaws to be effective upon the closing of this offering.
4.1†	Form of Common Stock Certificate.
4.2	Fourth Amended and Restated Investors' Rights Agreement, dated July 13, 2015, by and among the Registrant and certain of its stockholders.
5.1†	Opinion of Fenwick & West LLP.
10.1	Form of Indemnity Agreement.
10.2	2006 Equity Incentive Plan and forms of award agreements.
10.3†	2015 Equity Incentive Plan, to become effective on the date the registration statement is declared effective, and forms of award agreements.
10.4†	2015 Employee Stock Purchase Plan, to become effective on the date the registration statement is declared effective, and forms of award agreements.
10.5	Employment Agreement, effective as of January 1, 2012, by and between the Registrant and Hamza Suria, as amended.
10.6	Employment Agreement, effective as of January 1, 2012, by and between the Registrant and David King, as amended.
10.7	Consulting Agreement, dated as of May 1, 2015, by and between the Registrant and David King.
10.8	Employment Agreement, effective as of October 20, 2014, by and between the Registrant and Marco Londei.
10.9	Office Lease, dated April 19, 2011, by and between the Registrant and Kilroy Realty, L.P.
10.10+	Antibody Generation Agreement, dated December 22, 2011, by and between the Registrant and Celgene Corporation, as modified.
10.11+	Collaboration and Exclusive License Agreement, dated March 10, 2014, by and among the Registrant, TESARO, Inc. and TESARO Development, Ltd., as amended.
10.12+	License Agreement, dated August 30, 2006, by and between the Registrant and Medical Research Council, as amended.
10.13+	Non-Exclusive Research and Commercial License Agreement, dated May 15, 2009, by and between the Registrant and Millipore Corporation.
10.14	Loan and Security Agreement, dated December 24, 2014, by and among the Registrant, Oxford Finance LLC and Silicon Valley Bank.
21.1	Subsidiaries of the Registrant.
23.1	Consent of KPMG LLP, an independent registered public accounting firm.
23.2†	Consent of Fenwick & West LLP (included in Exhibit 5.1).
24.1	Power of Attorney. Reference is made to the signature page hereto.

† To be filed by amendment.
+ Registrant has omitted and filed separately with the SEC portions of the exhibit pursuant to a confidential treatment request under Rule 406 promulgated under the Securities Act.

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF ANAPTYSBIO, INC.

Hamza Suria hereby certifies that:

ONE: The date of filing the original Certificate of Incorporation of this company with the Secretary of State of the State of Delaware was November 16, 2005 under the name of Anaptys Bioscience, Inc., and a Corrected Certificate of Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on November 17, 2005 correcting the name to Anaptys Biosciences, Inc.

TWO: He is the duly elected and acting Chief Executive Officer of AnaptysBio, Inc., a Delaware corporation.

THREE: The Certificate of Incorporation of this company is hereby amended and restated to read as follows:

I.

The name of this company is AnaptysBio, Inc. (the "***Company***" or the "***Corporation***").

II.

The address of the registered office of this Company in the State of Delaware is 1209 Orange Street, City of Wilmington. County of New Castle, Zip Code 19801, and the name of the registered agent of this Corporation in the State of Delaware at such address is The Corporation Trust Company.

III.

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law ("***DGCL***").

IV.

A. The Company is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Company is authorized to issue is 203,208,537 shares, 120,500,000 shares of which shall be Common Stock (the "***Common Stock***") and 82,708,537 shares of which shall be Preferred Stock (the "***Preferred Stock***"). The Preferred Stock shall have a par value of $0.001 per share and the Common Stock shall have a par value of $0.001 per share.

B. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares of Common Stock then outstanding) by the

affirmative vote of the holders of a majority of the stock of the Company entitled to vote (voting together as a single class on an as-if-converted basis).

C. 25,524,510 of the authorized shares of Preferred Stock are hereby designated "Series B Preferred Stock" (the "***Series B Preferred***"). 1,996,153 of the authorized shares of Preferred Stock are hereby designated "Series B-1 Preferred Stock" (the "***Series B-1 Preferred***"). 222,216 of the authorized shares of Preferred Stock are hereby designated "Series B-2 Preferred Stock" (the "***Series B-2 Preferred***"). 13,210,753 of the authorized shares of Preferred Stock are hereby designated "Series C Preferred Stock" (the "***Series C Preferred***"). 3,318,054 of the authorized shares of Preferred Stock are hereby designated "Series C-1 Preferred" (the "***Series C-1 Preferred***"). 38,436,851 of the authorized shares of Preferred Stock are hereby designated "Series D Preferred Stock" (the "***Series D Preferred***").

D. Contingent and effective upon the filing of this Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (the "***Effective Time***"), every nine (9) outstanding shares of Series B Preferred will be split into and automatically, without any further action by the Corporation or the stockholders thereof, become ten (10) outstanding shares of Series B Preferred and every nine (9) outstanding shares of Series B-1 Preferred will be split into and automatically, without any further action by the Corporation or the stockholders thereof, become ten (10) outstanding shares of Series B-1 Preferred of the Corporation (the "***Forward Stock Split***").

E. No fractional shares shall be issued pursuant to the Forward Stock Split. The Corporation will pay in cash the fair value of such fractional shares, without interest and as determined in good faith by the Corporation's board of directors when those entitled to receive such fractional shares are determined. The shares issued pursuant to the Forward Stock Split shall be entered in the books of the Corporation, without the need for surrender or exchange of any stock certificate outstanding immediately prior to the Effective Time. No further adjustment of the Series Preferred Conversion Price pursuant to Article IV, Section 5(c) of this Restated Certificate shall be made in connection with the Forward Stock Split, as all share amounts set forth in this Restated Certificate of Incorporation have been appropriately adjusted to reflect the Forward Stock Split.

F. The rights, preferences, privileges, restrictions and other matters relating to the Series B Preferred, the Series B-1 Preferred, the Series B-2 Preferred, the Series C Preferred the Series C-1 Preferred and the Series D Preferred (collectively, the "***Series Preferred***") are as follows:

1. DIVIDEND RIGHTS.

(a) First, holders of the Series D Preferred, in preference to the holders of the Series C-1 Preferred, Series C Preferred, Series B Preferred, the Series B-1 Preferred, the Series B-2 Preferred and Common Stock, shall be entitled to receive, when, as and if declared by the Board, but only out of funds that are legally available therefore, cash dividends at the rate of 8% of the Original Issue Price (as defined below) per annum on each outstanding share of Series D Preferred. Such dividends shall be payable only when, as and if declared by the Board and shall be non-cumulative. Any partial payment pursuant to this Section 1(a) shall be made ratably

among the holders of Series D Preferred in proportion to the payment each such holder would receive if the full amount of such dividends were paid.

(b) Second, after payment of any amounts payable pursuant to Section 1(a) above, holders of the Series C-1 Preferred, in preference to the holders of the Series C Preferred, Series B Preferred, the Series B-1 Preferred, the Series B-2 Preferred and Common Stock, shall be entitled to receive, when, as and if declared by the Board, but only out of funds that are legally available therefore, cash dividends at the rate of 8% of the Original Issue Price (as defined below) per annum on each outstanding share of Series C-1 Preferred. Such dividends shall be payable only when, as and if declared by the Board and shall be non-cumulative. Any partial payment pursuant to this Section 1(b) shall be made ratably among the holders of Series C-1 Preferred in proportion to the payment each such holder would receive if the full amount of such dividends were paid.

(c) After payment of any amounts payable pursuant to Sections 1(a) and 1(b) above, Holders of the Series C Preferred, in preference to the holders of the Series B Preferred, the Series B-1 Preferred, the Series B-2 Preferred and Common Stock, shall be entitled to receive, when, as and if declared by the Board, but only out of funds that are legally available therefore, cash dividends at the rate of 8% of the Original Issue Price (as defined below) per annum on each outstanding share of Series C Preferred. Such dividends shall be payable only when, as and if declared by the Board and shall be non-cumulative. Any partial payment pursuant to this Section 1(c) shall be made ratably among the holders of Series C Preferred in proportion to the payment each such holder would receive if the full amount of such dividends were paid.

(d) After payment of any amounts payable pursuant to Sections 1(a), 1(b) and 1(c) above, holders of the Series B Preferred, the Series B-1 Preferred and the Series B-2 Preferred, on a pari passu basis and in preference to the holders of Common Stock, shall be entitled to receive, when, as and if declared by the Board, but only out of funds that are legally available therefore, cash dividends at the rate of 8% of the applicable Original Issue Price (as defined below) per annum on each outstanding share of Series B Preferred, Series B-1 Preferred and the Series B-2 Preferred. Such dividends shall be payable only when, as and if declared by the Board and shall be non-cumulative. Any partial payment pursuant to this Section 1(d) shall be made ratably among the holders of the Series B Preferred, the Series B-1 Preferred and the Series B-2 Preferred in proportion to the payment each such holder would receive if the full amount of such dividends were paid.

(e) The "***Original Issue Price***" of (i) the Series D Preferred shall be $1.06063, (ii) the Series C-1 Preferred shall be $0.65, (iii) the Series C Preferred shall be $0.65, (iv) the Series B Preferred shall be $0.90, (v) the Series B-1 Preferred shall be $0.90, and (vi) the Series B-2 Preferred shall be $1.00 (in each case as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof (such date, the "***Filing Date***").

(f) So long as any shares of Series Preferred are outstanding, the Company shall not pay or declare any dividend, whether in cash or property, or make any other distribution on the Common Stock, or purchase, redeem or otherwise acquire for value any

shares of Common Stock until all dividends as set forth in Sections 1(a), 1(b), 1(c) and 1(d) above on the Series Preferred shall have been paid or declared and set apart, except for:

(i) acquisitions of Common Stock by the Company pursuant to agreements which permit the Company to repurchase such shares at cost (or the lesser of cost or fair market value) upon termination of services to the Company;

(ii) acquisitions of Common Stock in exercise of the Company's right of first refusal to repurchase such shares approved by the Board; or

(iii) distributions to holders of Common Stock in accordance with Sections 3 and 4.

(g) In the event dividends are paid on any share of Common Stock, the Company shall pay an additional dividend on all outstanding shares of Series Preferred in a per share amount equal (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock.

(h) The provisions of Sections 1(f) and 1(g) shall not apply to a dividend payable solely in Common Stock to which the provisions of Section 5(f) hereof are applicable, or any repurchase of any outstanding securities of the Company that is approved by (i) the Board and (ii) the Series Preferred as may be required by this Certificate of Incorporation.

(i) Distributions on shares junior to the Series Preferred as they relate to repurchases of shares of Common Stock upon termination of employment or service as a consultant or director may be made without regard to any preferential dividends arrears amount or any preferential rights amount (each as determined under applicable law).

2. VOTING RIGHTS.

(a) General Rights. Each holder of shares of the Series Preferred shall be entitled to the number of votes equal to the number of shares of Common Stock into which such shares of Series Preferred could be converted (pursuant to Section 5 hereof) immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent and shall have voting rights and powers equal to the voting rights and powers of the Common Stock and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Company. Except as otherwise provided herein or as required by law, the Series Preferred shall vote together with the Common Stock at any annual or special meeting of the stockholders and not as a separate class, and may act by written consent in the same manner as the Common Stock.

(b) Separate Vote of Series Preferred. For so long as at least 1,500,000 shares of Series Preferred remain outstanding (subject to adjustment for any stock split, reverse stock split or similar event affecting the Series Preferred after the Filing Date), in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least a majority of the outstanding Series Preferred, voting together as a single class on an as-if-converted basis, shall be necessary for effecting or validating the following actions (whether by merger, recapitalization or otherwise):

(i) Any amendment, alteration, repeal or waiver of any provision of the Certificate of Incorporation or the Bylaws of the Company (including any filing of a Certificate of Designation);

(ii) Any increase or decrease in the authorized number of shares of Common Stock or Preferred Stock;

(iii) Any authorization or any designation, whether by reclassification or otherwise, of any new class or series of stock or any other securities convertible into equity securities of the Company ranking on a parity with or senior to the Series Preferred or any series thereof in right of redemption, liquidation preference, voting or dividend rights or any increase in the authorized or designated number of any such new class or series;

(iv) Any redemption, repurchase, payment or declaration of dividends or other distributions with respect to Common Stock or Preferred Stock (except for acquisitions of Common Stock by the Company permitted by Section 1(f)(i), (ii) and (iii) hereof;

(v) Any increase or decrease in the authorized number of members of the Board;

(vi) Any Liquidation Event (as defined in Section 3 hereof); or

(vii) Any agreement by the Company or its stockholders regarding an Asset Transfer or Acquisition (each as defined in Section 4 hereof).

(c) Separate Vote of Series B Preferred, Series B-1 Preferred and Series B-2 Preferred. For so long as at least an aggregate of 3,200,000 shares of Series B Preferred, Series B-1 Preferred and Series B-2 Preferred remain outstanding (subject to adjustment for any stock split, reverse stock split or similar event affecting the Series B Preferred, the Series B-1 Preferred or the Series B-2 Preferred after the Filing Date), in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least 55% of the outstanding Series B Preferred, Series B-1 Preferred and Series B-2 Preferred, voting together as a single class on an as-if-converted basis, shall be necessary for effecting or validating the following actions (whether by merger, recapitalization or otherwise):

(i) Any action (whether by merger, recapitalization or otherwise, including without limitation any amendment, alteration, repeal or waiver of any provision of the Certificate of Incorporation or the Bylaws of the Company (including any filing of a Certificate of Designation)) that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series B Preferred, the Series B-1 Preferred or the Series B-2 Preferred in a manner different than any other series of Preferred Stock; or

(ii) Any increase or decrease in the authorized number of shares of Series B Preferred, Series B-1 Preferred or Series B-2 Preferred.

(d) Separate Vote of Series B Preferred, Series B-1 Preferred and Series B-2 Preferred. For so long as at least an aggregate of 3,200,000 shares of Series B Preferred, Series B-1 Preferred and Series B-2 Preferred remain outstanding (subject to

adjustment for any stock split, reverse stock split or similar event affecting the Series B Preferred, the Series B-1 Preferred or Series B-2 Preferred after the Filing Date), in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least 55% of the outstanding Series B Preferred, Series B-1 Preferred and Series B-2 Preferred, voting together as a single class on an as-if-converted basis, shall be necessary for effecting or validating the following actions (whether by merger, recapitalization or otherwise):

(i) Any increase or decrease in the authorized number of members of the Board;

(ii) Any Liquidation Event; or

(iii) Any agreement by the Company or its stockholders regarding an Asset Transfer or Acquisition.

(e) Separate Vote of Series C-1 Preferred and Series C Preferred. For so long as at least 3,200,000 shares of Series C-1 Preferred and Series C Preferred remain outstanding (subject to adjustment for any stock split, reverse stock split or similar event affecting the Series C-1 Preferred and Series C Preferred after the Filing Date), in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least 55% of the outstanding Series C-1 Preferred and Series C Preferred, voting together as a single class on an as-if-converted basis, shall be necessary for effecting or validating the following actions (whether by merger, recapitalization or otherwise):

(i) Any action (whether by merger, recapitalization or otherwise, including without limitation any amendment, alteration, repeal or waiver of any provision of the Certificate of Incorporation or the Bylaws of the Company (including any filing of a Certificate of Designation)) that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series C-1 Preferred or Series C Preferred in a manner different than any other series of Preferred Stock;

(ii) Any increase or decrease in the authorized number of shares of Series C-1 Preferred or Series C Preferred;

(iii) Any increase or decrease in the authorized number of members of the Board;

(iv) Any Liquidation Event; or

(v) Any agreement by the Company or its stockholders regarding an Asset Transfer or Acquisition.

(f) Separate Vote of Series D Preferred. For so long as any shares of Series D Preferred remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of at least a majority of the outstanding Series D Preferred, voting together as a single class on an as-if-converted basis, shall be necessary for effecting or validating the following actions (whether by merger, recapitalization or otherwise):

(i) Any action (whether by merger, recapitalization or otherwise, including without limitation any amendment, alteration, repeal or waiver of any provision of the Certificate of Incorporation or the Bylaws of the Company (including any filing of a Certificate of Designation)) that alters or changes the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series D Preferred in a manner different than any other series of Preferred Stock; or

(ii) Any increase or decrease in the authorized number of shares of Series D Preferred.

(g) Election of Board of Directors.

(i) For so long as at least an aggregate of 3,200,000 shares of Series B Preferred, Series B-1 Preferred and Series B-2 Preferred remain outstanding (subject to adjustment for any stock split, reverse stock split or similar event affecting the Series B Preferred, the Series B-1 Preferred or the Series B-2 Preferred after the Filing Date), the holders of Series B Preferred, Series B-1 Preferred and Series B-2 Preferred, voting together as a single class on an as-if-converted basis, shall be entitled to elect two members of the Board (the "***Series B/B-1/B-2 Directors***") at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.

(ii) The holders of Common Stock, voting as a separate class, shall be entitled to elect one member of the Board at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.

(iii) The holders of Common Stock and Series Preferred, voting together as a single class on an as-if-converted basis, shall be entitled to elect all remaining members of the Board at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.

(iv) No person entitled to vote at an election for directors may cumulate votes to which such person is entitled unless required by applicable law at the time of such election. During such time or times that applicable law requires cumulative voting, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder desires. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder' s votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the

candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

(v) During such time or times that applicable law requires cumulative voting, one or more directors may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote for that director as provided above; *provided*, *however*, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

3. LIQUIDATION RIGHTS.

(a) Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary (a "***Liquidation Event***"), before any distribution or payment shall be made to the holders of any Common Stock, the Company shall make payment to the holders of Series Preferred as follows:

(i) First, holders of Series D Preferred shall be entitled to be paid out of the assets of the Company legally available for distribution for each share of Series D Preferred held by them, an amount per share of Series D Preferred equal to the Original Issue Price of the Series D Preferred plus all declared and unpaid dividends on the Series D Preferred (the "***Series D Liquidation Preference***"). If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of Series D Preferred of the Series D Liquidation Preference, then such assets (or consideration) shall be distributed among the holders of Series D Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled pursuant to this Section 3(a)(i).

(ii) Second, after payment in full of the Series D Liquidation Preference, holders of Series C-1 Preferred shall be entitled to be paid out of the assets of the Company legally available for distribution for each share of Series C-1 Preferred held by them, an amount per share of Series C-1 Preferred equal to three (3) times the Original Issue Price of the Series C-1 Preferred plus all declared and unpaid dividends on the Series C-1 Preferred (the "***Series C-1 Liquidation Preference***"). If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of Series C-1 Preferred of the Series C-1 Liquidation Preference, then such assets (or consideration) shall be distributed among the holders of Series C-1 Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled pursuant to this Section 3(a)(ii).

(iii) After payment in full of the Series D Liquidation Preference and the Series C-1 Liquidation Preference, the holders of Series C Preferred shall be entitled to be paid out of the assets of the Company legally available for distribution for each share of Series C Preferred held by them, an amount per share of Series C Preferred equal to the Original Issue Price of the Series C Preferred plus all declared and unpaid dividends on the

Series C Preferred (the "***Series C Liquidation Preference***"). If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of Series C Preferred of the Series C Liquidation Preference, then such assets (or consideration) shall be distributed among the holders of Series C Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled pursuant to this Section 3(a)(iii).

(iv) After payment in full of the Series D Liquidation Preference, Series C-1 Liquidation Preference and the Series C Liquidation Preference, the holders of Series B Preferred, Series B-1 Preferred and Series B-2 Preferred, on a pari passu basis and in preference to holders of Common Stock, shall be entitled to be paid out of the assets of the Company legally available for distribution for each share of Series B Preferred, Series B-1 Preferred or Series B-2 Preferred held by them, an amount per share of Series B Preferred, Series B-1 Preferred or Series B-2 Preferred equal to (i) with respect to the Series B Preferred, the Original Issue Price of the Series B Preferred plus all declared and unpaid dividends on the Series B Preferred (the "***Series B Liquidation Preference***"), (ii) with respect to the Series B-1 Preferred, the Original Issue Price of the Series B-1 Preferred plus all declared and unpaid dividends on the Series B-1 Preferred (the "***Series B-1 Liquidation Preference***") and (iii) with respect to the Series B-2 Preferred, the Original Issue Price of the Series B-2 Preferred plus all declared and unpaid dividends on the Series B-2 Preferred (the "***Series B-2 Liquidation Preference***", and together with the Series B Liquidation Preference and the Series B-1 Liquidation Preference, the "***Junior Preferred Liquidation Preference***"). If, upon any such Liquidation Event and after payment in full of the Series D Liquidation Preference, Series C-1 Liquidation Preference and the Series C Liquidation Preference, the assets of the Company shall be insufficient to make payment in full to all holders of Series B Preferred, Series B-1 Preferred and Series B-2 Preferred of the Junior Preferred Liquidation Preference, then such assets (or consideration) shall be distributed among the holders of Series B Preferred, Series B-1 Preferred and Series B-2 Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled pursuant to this Section (3)(a)(iv).

(b) After payment in full of the Series D Liquidation Preference, Series C-1 Liquidation Preference, the Series C Liquidation Preference and the Junior Preferred Liquidation Preference, the remaining assets of the Company legally available for distribution, if any, shall be distributed ratably to the holders of the Common Stock and the Series D Preferred Stock in proportion to the shares of Common Stock then held by them and the shares of Common Stock to which they have the right to acquire upon conversion of the shares of Series D Preferred Stock held by them; provided, however, that at such time as the distribution of assets of the Company to the holders of Series D Preferred pursuant to Section 3(a) and this Section 3(b) shall equal: (x) 1.5 times the Original Issue Price of the Series D Preferred, plus all declared and unpaid dividends on the Series D Preferred if such Liquidation Event is consummated on or before March 31, 2016 or (y) 2 times the Original Issue Price of the Series D Preferred, plus all declared and unpaid dividends on the Series D Preferred if such Liquidation Event is consummated after March 31, 2016, then the holders of Series D Preferred shall not be entitled to any further distribution pursuant to this Section 3(b) with respect to such shares of Series D Preferred.

(c) After payment has been made to the holders of Preferred Stock and Common Stock pursuant to Section 3(a) and Section 3(b), any remaining assets of the Company legally available for distribution to the stockholders of the Company shall be distributed ratably among the holders of Common Stock based on the number of shares of Common Stock held by each.

(d) Shares of Series Preferred shall not be entitled to be converted into shares of Common Stock in order to participate in any distribution, or series of distributions, as shares of Common Stock, without first foregoing participation in the distribution, or series of distributions, as shares of Series Preferred. Notwithstanding the foregoing, in the event of a Liquidation Event, a holder of Series Preferred shall be entitled to receive, for each share of Series Preferred then held, out of the proceeds of such Liquidation Event, the greater of the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event pursuant to (x) Section 3(a) and Section 3(b) above or (y) the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event with respect to such shares if such shares had been converted to Common Stock immediately prior to such Liquidation Event.

4. ASSET TRANSFER OR ACQUISITION RIGHTS.

(a) In the event that the Company is a party to an Acquisition or Asset Transfer, then each holder of Series Preferred shall be entitled to receive, for each share of Series Preferred then held, out of the proceeds of such Acquisition or Asset Transfer, the amount of cash, securities or other property to which such holder would be entitled to receive in a Liquidation Event pursuant to Section 3(a) and Section 3(b) above.

(b) For the purposes of this Section 4: (i) "***Acquisition***" shall mean (A) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity in substantially the same proportions (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; or (B) any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred; provided that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof; and (ii) "***Asset Transfer***" shall mean a sale of all or substantially all of the assets of the Company or the exclusive license of substantially all of the rights to substantially all of the intellectual property of the Company material to its business.

(c) In any Acquisition or Asset Transfer, if the consideration to be received is securities of a corporation or other property other than cash, its value will be deemed its fair market value as determined in good faith by the Board on the date such determination is made.

5. CONVERSION RIGHTS.

The holders of the Series Preferred shall have the following rights with respect to the conversion of the Series Preferred into shares of Common Stock (the "***Conversion Rights***"):

(a) Optional Conversion. Subject to and in compliance with the provisions of this Section 5, any shares of Series Preferred may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series Preferred shall be entitled upon conversion shall be the product obtained by multiplying the applicable "Series Preferred Conversion Rate" then in effect (determined as provided in Section 5(b)) by the number of shares of Series Preferred being converted.

(b) Series Preferred Conversion Rate. The conversion rate in effect at any time for the conversion of the Series Preferred (the "***Series Preferred Conversion Rate***") shall be the quotient obtained by dividing the applicable Original Issue Price of the Series Preferred by the applicable "Series Preferred Conversion Price," calculated as provided in Section 5(c).

(c) Series Preferred Conversion Price. The conversion price of the Series B Preferred shall initially be the Original Issue Price of the Series B Preferred; the conversion price of the Series B-1 Preferred shall initially be the Original Issue Price of the Series B-1 Preferred; the conversion price of the Series B-2 Preferred shall initially be the Original Issue Price of the Series B-2 Preferred; the conversion price of the Series C Preferred shall initially be the Original Issue Price of the Series C Preferred; the conversion price of the Series C-1 Preferred shall initially be the Original Issue Price of the Series C-1 Preferred and the conversion price of the Series D Preferred shall initially be the Original Issue Price of the Series D Preferred (each such conversion price, the "***Series Preferred Conversion Price***"). Such initial Series Preferred Conversion Prices shall be adjusted from time to time in accordance with this Section 5. All references to the Series Preferred Conversion Price herein shall mean the Series Preferred Conversion Price as so adjusted.

(d) ***Mechanics of Conversion***. Each holder of Series Preferred who desires to convert the same into shares of Common Stock pursuant to this Section 5 shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series Preferred, and shall give written notice to the Company at such office that such holder elects to convert the same. Such notice shall state the number of shares of Series Preferred being converted. Thereupon, the Company shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and shall promptly pay (i) in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined by the Board as of the date of such conversion), any declared and unpaid dividends on the shares of Series Preferred being converted and (ii) in cash (at the Common Stock's fair market value determined by the Board as of the date of conversion) the value of any fractional share of Common Stock otherwise issuable to any holder of Series Preferred. Such conversion shall be deemed to have been made at the close of business on the

date of such surrender of the certificates representing the shares of Series Preferred to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date.

(e) Adjustment for Stock Splits and Combinations. If at any time or from time to time on or after the Filing Date the Company effects a subdivision of the outstanding Common Stock without a corresponding subdivision of the Series Preferred, the Series Preferred Conversion Price for such series in effect immediately before that subdivision shall be proportionately decreased. Conversely, if at any time or from time to time after the Filing Date the Company combines the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Series Preferred, the Series Preferred Conversion Price for such series in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 5(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If at any time or from time to time on or after the Filing Date the Company pays to holders of Common Stock a dividend or other distribution in additional shares of Common Stock without a corresponding dividend or other distribution to holders of Preferred Stock, the Series Preferred Conversion Price for such series then in effect shall be decreased as of the time of such issuance, as provided below:

(i) The Series Preferred Conversion Price for such series shall be adjusted by multiplying the Series Preferred Conversion Price for such series then in effect by a fraction equal to:

(A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and

(B) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

(ii) If the Company fixes a record date to determine which holders of Common Stock are entitled to receive such dividend or other distribution, the Series Preferred Conversion Price for each series of Series Preferred shall be fixed as of the close of business on such record date and the number of shares of Common Stock shall be calculated immediately prior to the close of business on such record date; and

(iii) If such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series Preferred Conversion Price for each series of Series Preferred shall be recomputed accordingly as of the close of business on such record date and thereafter the Series Preferred Conversion Price for each series of Series Preferred shall be adjusted pursuant to this Section 5(f) to reflect the actual payment of such dividend or distribution.

(g) Adjustment for Reclassification, Exchange, Substitution, Reorganization, Merger or Consolidation. If at any time on or after the Filing Date the Common Stock issuable upon the conversion of a series of the Series Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, merger, consolidation or otherwise (other than an Acquisition or Asset Transfer as defined in Section 4 or a subdivision or combination of shares or stock dividend provided for elsewhere in this Section 5), in any such event each holder of such series of Series Preferred shall then have the right to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification, merger, consolidation or other change by holders of the maximum number of shares of Common Stock into which such shares of Series Preferred could have been converted immediately prior to such recapitalization, reclassification, merger, consolidation or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 5 with respect to the rights of the holders of such series of Series Preferred after the capital reorganization to the end that the provisions of this Section 5 (including adjustment of the Series Preferred Conversion Price for such series of Series Preferred then in effect and the number of shares issuable upon conversion of such series of Series Preferred) shall be applicable after that event and be as nearly equivalent as practicable.

(h) Sale of Shares Below Series Preferred Conversion Price.

(i) If at any time or from time to time after the Filing Date, the Company issues or sells, or is deemed by the express provisions of this Section 5(h) to have issued or sold, Additional Shares of Common Stock, other than as provided in Section 5(e), 5(f) or 5(g) above, for an Effective Price less than the then-effective Series Preferred Conversion Price for the Series D Preferred, Series C-1 Preferred, Series C Preferred, Series B Preferred and Series B-1 Preferred, as applicable (a "***Qualifying Dilutive Issuance***"), then and in each such case, the then-existing Series Preferred Conversion Price (other than the Conversion Price of the Series B-2 Preferred) for such series of Series Preferred shall be reduced, as of the opening of business on the date of such issue or sale, to a price determined by multiplying the Series Preferred Conversion Price for such series in effect immediately prior to such issuance or sale by a fraction equal to:

(A) the numerator of which shall be (A) the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale, plus (B) the number of shares of Common Stock which the Aggregate Consideration (as defined below) received or deemed received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at such then-existing Series Preferred Conversion Price, and

(B) the denominator of which shall be the number of shares of Common Stock deemed outstanding (as determined below) immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued.

For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date shall be the sum of (A) the number of shares of

Common Stock outstanding, (B) the number of shares of Common Stock into which the then outstanding shares of Series Preferred could be converted if fully converted on the day immediately preceding the given date, and (C) the number of shares of Common Stock which are issuable upon the exercise or conversion of all other rights, options and convertible securities outstanding on the day immediately preceding the given date.

(ii) No adjustment shall be made to the Series Preferred Conversion Price for any series of Series Preferred in an amount less than $0.01 per share. Any adjustment required by this Section 5(h) shall be rounded to the nearest $0.01 per share. Any adjustment otherwise required by this Section 5(h) that is not required to be made due to the preceding two sentences shall be included in any subsequent adjustment to the Series Preferred Conversion Price for such series of Series Preferred. Further, no adjustment shall be made to the Series B-2 Preferred Conversion Price pursuant to this Section 5(h).

(iii) For the purpose of making any adjustment required under this Section 5(h), the aggregate consideration received by the Company for any issue or sale of securities (the "***Aggregate Consideration***") shall be defined as: (A) to the extent it consists of cash, be computed at the gross amount of cash received by the Company before deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale and without deduction of any expenses payable by the Company, (B) to the extent it consists of property other than cash, be computed at the fair market value of that property as determined in good faith by the Board, and (C) if Additional Shares of Common Stock, Convertible Securities (as defined below) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(iv) For the purpose of the adjustment required under this Section 5(h), if the Company issues or sells (x) Preferred Stock or other stock, options, warrants, purchase rights or other securities exercisable for or convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "***Convertible Securities***") or (y) rights or options for the purchase of Additional Shares of Common Stock or Convertible Securities and if the Effective Price of such Additional Shares of Common Stock is less than the Series Preferred Conversion Price for the Series D Preferred, Series C-1 Preferred, Series C Preferred, Series B Preferred or Series B-1 Preferred, in each case the Company shall be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities plus:

(A) in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options; and

(B) in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company upon the conversion thereof (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities); *provided* that if the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company shall be deemed to have received the minimum amounts of consideration without reference to such clauses.

(C) If the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price shall be recalculated using the figure to which such minimum amount of consideration is reduced; provided further, that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price shall be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities.

(D) No further adjustment of the Series Preferred Conversion Price for a series of Series Preferred, as adjusted upon the issuance of such rights, options or Convertible Securities, shall be made as a result of the actual issuance of Additional Shares of Common Stock or the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities shall expire without having been exercised, the Series Preferred Conversion Price for such series as adjusted upon the issuance of such rights, options or Convertible Securities shall be readjusted to the Series Preferred Conversion Price for such series which would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment shall not apply to prior conversions of Series Preferred.

(v) For the purpose of making any adjustment to the Conversion Price of the Series Preferred required under this Section 5(h). "***Additional Shares of Common Stock***" shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 5(h) (including shares of Common Stock subsequently reacquired or retired by the Company), other than:

(A) shares of Common Stock issued upon conversion of the Series Preferred;

(B) shares of Common Stock issued in connection with a Qualified IPO (as defined below);

(C) shares of Common Stock or Convertible Securities issued after the Filing Date to employees, officers or directors of, or consultants or advisors to, the Company or any subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board;

(D) shares of Common Stock issued pursuant to the exercise of Convertible Securities outstanding as of the Filing Date;

(E) shares of Common Stock or Convertible Securities issued for consideration other than cash pursuant to a merger, consolidation, acquisition, strategic alliance or similar business combination; *provided* that the issuance of shares therein has been approved by the Board;

(F) shares of Common Stock or Convertible Securities issued pursuant to any equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial institution; *provided* that the issuance of shares therein has been approved by the Board;

(G) shares of Common Stock or Convertible Securities issued to third-party service providers in exchange for or as partial consideration for services rendered to the Company; *provided* that the issuance of shares therein has been approved by the Board;

(H) any Common Stock or Convertible Securities issued in connection with strategic transactions involving the Company and other entities, including, without limitation, (i) joint ventures, manufacturing, marketing or distribution arrangements or (ii) technology transfer or development arrangements; provided that the issuance of shares therein has been approved by the Board; and

(I) shares of Common Stock or Convertible Securities issued pursuant to the that certain Series D Preferred Stock Purchase Agreement by and among the Company and the individuals and entities identified on Exhibit A thereto, dated on or around the date hereof;

provided, *however*, that the total number of shares excluded from the definition of Additional Shares of Common Stock pursuant to subsections (E), (F), (G) and (H) above shall not exceed 3,000,000 shares in the aggregate (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the Filing Date).

References to Common Stock in the subsections of this clause (v) above shall mean all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 5(h). The "***Effective Price***" of Additional Shares of Common Stock shall mean the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 5(h), into the Aggregate Consideration received, or deemed to have been received by the Company for such

issue under this Section 5(h), for such Additional Shares of Common Stock. In the event that the number of shares of Additional Shares of Common Stock or the Effective Price cannot be ascertained at the time of issuance (other than by virtue of antidilution provisions contained therein that have not yet been invoked), such Additional Shares of Common Stock shall be deemed issued immediately upon the occurrence of the first event that makes such number of shares or the Effective Price, as applicable, ascertainable.

(vi) In the event that the Company issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock in a Qualifying Dilutive Issuance (the "***First Dilutive Issuance***"), then in the event that the Company issues or sells, or is deemed to have issued or sold, Additional Shares of Common Stock in a Qualifying Dilutive Issuance other than the First Dilutive Issuance as a part of the same transaction or series of related transactions as the First Dilutive Issuance (a "***Subsequent Dilutive Issuance***"), then and in each such case upon a Subsequent Dilutive Issuance the applicable Series Preferred Conversion Price (other than the Series Preferred Conversion Price of the Series B-2 Preferred) shall be reduced to the Series Preferred Conversion Price that would have been in effect had the First Dilutive Issuance and each Subsequent Dilutive Issuance all occurred on the closing date of the First Dilutive Issuance. Qualifying Dilutive Issuances occurring within three months of each other shall be deemed to be part of the same transaction for the purposes of this subsection (vi).

(i) Certificate of Adjustment. In each case of an adjustment or readjustment of the Series Preferred Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series Preferred, if such series of Series Preferred is then convertible pursuant to this Section 5, the Company, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and shall, upon request, prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of such Series Preferred so requesting at the holder's address as shown in the Company's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Company for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (ii) the Series Preferred Conversion Price for such series at the time in effect, (iii) the number of Additional Shares of Common Stock and (iv) the type and amount, if any, of other property which at the time would be received upon conversion of such series of Series Preferred. Failure to request or provide such notice shall have no effect on any such adjustment.

(j) Notices of Record Date. Upon (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 4) or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, or any Asset Transfer (as defined in Section 4), or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series Preferred at least 10 days prior to (a) the record date, if any, specified therein; or (b) if no record date is specified, the date upon which such action is to take effect (or., in either case, such shorter period approved by the holders of a

majority of the outstanding Series Preferred) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(k) Automatic Conversion.

(i) Each share of Series Preferred shall automatically be converted into shares of Common Stock, based on the then-effective Series Preferred Conversion Price for the applicable series, (A) at any time upon the affirmative election of the holders of at least a majority of the outstanding shares of the Series Preferred, voting together as a single class on an as-if-converted basis, or (B) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Company in which the gross cash proceeds to the Company (before underwriting discounts, commissions and fees) are at least $50,000,000 (a "***Qualified IPO***"). Upon such automatic conversion, any declared and unpaid dividends shall be paid in accordance with the provisions of Section 5(d).

(ii) Upon the occurrence of either of the events specified in Section 5(k)(i) above, the outstanding shares of Series Preferred shall be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; provided, however, that the Company shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series Preferred are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates. Upon the occurrence of such automatic conversion of the Series Preferred, the holders of Series Preferred shall surrender the certificates representing such shares at the office of the Company or any transfer agent for the Series Preferred. Thereupon, there shall be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series Preferred surrendered were convertible on the date on which such automatic conversion occurred, and any declared and unpaid dividends shall be paid in accordance with the provisions of Section 5(d).

(l) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series Preferred. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series Preferred by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional

share, pay cash equal to the product of such fraction multiplied by the fair market value of one share of Common Stock (as determined by the Board) on the date of conversion.

(m) Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series Preferred. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series Preferred, the Company will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(n) Notices. Any notice required by the provisions of this Section 5 shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic transmission in compliance with the provisions of the DGCL if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Company.

(o) Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series Preferred so converted were registered.

6. NO REISSUANCE OF SERIES PREFERRED.

No shares or shares of Series Preferred acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

V.

A. To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended, a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for a breach of fiduciary duty as a director.

B. The Company may indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of the fact that he, his testator or intestate is or was a director, officer or employee of the Company or any predecessor of the Company or serves or served at any other enterprise as a director, officer or employee at the request of the Company or any predecessor to the Company.

C. The Company is authorized to provide indemnification of directors, officers, employees and other agents of the Company (and any other persons to which applicable law permits the Company to provide indemnification) for breach of duty to the Company and its stockholders through bylaw provisions or through agreements with such directors, officers, employees or other agents, or through stockholder resolutions, or otherwise, in excess of the indemnification otherwise permitted by applicable law.

D. Any repeal or modification of this Article V shall only be prospective and shall not affect the rights under this Article V in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

E. In the event that a member of the Board who is also a partner or employee of an entity that is a holder of Preferred Stock and that is in the business of investing and reinvesting in other entities, or an employee of an entity that manages such an entity (each, a "***Fund***") acquires knowledge of a potential transaction or other matter in such individual's capacity as a partner or employee of the Fund or the manager or general partner of the Fund (and other than directly in connection with such individual' s service as a member of the Board) and that may be an opportunity of interest for both the Company and such Fund (a "***Corporate Opportunity***"), then the Company (i) renounces any expectancy that such director or Fund offer an opportunity to participate in such Corporate Opportunity to the Company and (ii) to the fullest extent permitted by law, waives any claim that such opportunity constituted a Corporate Opportunity that should have been presented by such director or Fund to the Company or any of its affiliates; provided, however, that such director acts in good faith.

VI.

For the management of the business and for the conduct of the affairs of the Company, and in further definition, limitation and regulation of the powers of the Company, of its directors and of its stockholders or any class thereof, as the case may be, it is further *provided* that:

A. The management of the business and the conduct of the affairs of the Company shall be vested in its Board. The number of directors which shall constitute the whole Board shall be fixed by the Board in the manner provided in the Bylaws, subject to any restrictions which may be set forth in this Restated Certificate.

B. The Board is expressly empowered to adopt, amend or repeal the Bylaws of the Company. The stockholders shall also have the power to adopt, amend or repeal the Bylaws of the Company; provided however, that, in addition to any vote of the holders of any class or series of stock of the Company required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the Bylaws of the Company.

C. The directors of the Company need not be elected by written ballot unless the Bylaws so provide.

VII.

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the DGCL or the Corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. If any provision or provisions of this Article VII shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article VII (including, without limitation, each portion of any sentence of this Article VII containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby

* * * * *

FOUR: This Amended and Restated Certificate of Incorporation has been duly approved by the Board.

FIVE: This Amended and Restated Certificate of Incorporation was approved by the holders of the requisite number of shares of said corporation in accordance with Section 228 of the DGCL. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL by the stockholders of the Company.

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IN WITNESS WHEREOF, ANAPTYSBIO, INC. has caused this Amended and Restated Certificate of Incorporation to be signed by its Chief Executive Officer on July 10, 2015.

ANAPTYSBIO, INC.

By: /s/ Hamza Suria
Hamza Suria
Chief Executive Officer

[SIGNATURE PAGE TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION]

ANAPTYSBIO, INC.
RESTATED CERTIFICATE OF INCORPORATION

AnaptysBio, Inc., a Delaware corporation, hereby certifies as follows.

1. The name of the corporation is AnaptysBio, Inc. The date of filing the original Certificate of Incorporation of this company with the Secretary of State of the State of Delaware was November 16, 2005 under the name of Anaptys Bioscience, Inc., and a Corrected Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on November 17, 2005 correcting the name to Anaptys Biosciences, Inc.

2. The Restated Certificate of Incorporation of the corporation attached hereto as Exhibit A, which is incorporated herein by this reference, and which restates, integrates and further amends the provisions of the Certificate of Incorporation of this corporation as previously amended or supplemented, has been duly adopted by the Board of Directors and by the stockholders in accordance with Sections 242 and 245 of the Delaware General Corporation Law, with the approval of the corporation's stockholders having been given by written consent without a meeting in accordance with Section 228 of the Delaware General Corporation Law.

IN WITNESS WHEREOF, this corporation has caused this Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: _____

ANAPTYSBIO, INC.

By: _____
Name: Hamza Suria
Title: Chief Executive Officer

EXHIBIT A

ANAPTYSBIO, INC.

RESTATED CERTIFICATE OF INCORPORATION

ARTICLE I: NAME

The name of the corporation is AnaptysBio, Inc. (the "***Corporation***").

ARTICLE II: AGENT FOR SERVICE OF PROCESS

The address of the registered office of this Corporation in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, Zip Code 19801, and the name of the registered agent of the Corporation in the State of Delaware at such address is The Corporation Trust Company.

ARTICLE III: PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law ("***DGCL***").

ARTICLE IV: AUTHORIZED STOCK

1. Total Authorized. The total number of shares of all classes of stock that the Corporation has authority to issue is Five Hundred and Ten Million (510,000,000) shares, consisting of two classes: Five Hundred Million (500,000,000) shares of Common Stock, $0.001 par value per share ("***Common Stock***"), and Ten Million (10,000,000) shares of Preferred Stock, $0.001 par value per share ("***Preferred Stock***").

2. Designation of Additional Series.

2.1. The Board of Directors of the Corporation (the "***Board***") is authorized, subject to any limitations prescribed by the law of the State of Delaware, to provide for the issuance of the shares of Preferred Stock in one or more series, and, by filing a Certificate of Designation pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, to fix the designation, vesting, powers, preferences and relative, participating, optional or other rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof, and to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series. The number of authorized shares of Preferred Stock may also be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of two-thirds of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to

vote thereon, without a vote of the holders of the Preferred Stock, unless a vote of any such holders is required pursuant to the terms of any certificate or certificates establishing a series of Preferred Stock.

2.2 Except as otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV, any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and any such new series may have powers, preferences and rights, including, without limitation, voting rights, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Common Stock, the Preferred Stock or any future class or series of Preferred Stock or Common Stock.

2.3 Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; *provided*, *however*, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock).

ARTICLE V: AMENDMENT OF BYLAWS

The Board shall have the power to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board shall require the approval of a majority of the Whole Board. For purposes of this Restated Certificate of Incorporation, the term "***Whole Board***" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; *provided*, *however*, that in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Preferred Stock issued pursuant to a Certificate of Designation), the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provision of the Bylaws of the Corporation; provided, further, that if two-thirds of the Whole Board has approved such adoption, amendment or repeal of any provisions of the Bylaws, then only the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to adopt, amend or repeal any provision of the Bylaws of the Corporation.

ARTICLE VI: MATTERS RELATING TO THE BOARD OF DIRECTORS

1. Director Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board. In addition to the powers and authority expressly conferred

upon them by statute or by this Restated Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

2. Number of Directors. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors shall be fixed from time to time exclusively by resolution adopted by a majority of the Whole Board.

3. Classified Board. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the directors shall be divided, with respect to the time for which they severally hold office, into three classes designated as Class I, Class II and Class III, respectively (the "***Classified Board***"). The Board may assign members of the Board already in office to the Classified Board, which assignments shall become effective at the same time the Classified Board becomes effective. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board, with the number of directors in each class to be divided as nearly equal as reasonably possible. The initial term of office of the Class I directors shall expire at the Corporation's first annual meeting of stockholders following the closing of the Corporation's initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, relating to the offer and sale of Common Stock to the public (the "***Initial Public Offering***"), the initial term of office of the Class II directors shall expire at the Corporation's second annual meeting of stockholders following the closing of the Initial Public Offering and the initial term of office of the Class III directors shall expire at the Corporation's third annual meeting of stockholders following the closing of the Initial Public Offering. At each annual meeting of stockholders following the closing of the Initial Public Offering, directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election.

4. Term and Removal. Each director shall hold office until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal. Any director may resign at any time upon notice to the Corporation given in writing or by any electronic transmission permitted in the Corporation's Bylaws. Subject to the rights of the holders of any series of Preferred Stock, no director may be removed except for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of the then-outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors voting together as a single class. No decrease in the authorized number of directors constituting the Board shall shorten the term of any incumbent director.

5. Board Vacancies. Subject to the rights of the holders of any series of Preferred Stock, any vacancy occurring in the Board for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, shall, unless (a) the Board determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders or (b) as otherwise provided by law, be filled only by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for a term expiring at the annual meeting of stockholders at which the

term of office of the class to which the director has been assigned expires or until such director's successor shall have been duly elected and qualified, or until such director's earlier death, resignation or removal.

6. Vote by Ballot. Election of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE VII: DIRECTOR LIABILITY

1. Limitation of Liability. To the fullest extent permitted by law, no director of the Corporation shall be personally liable for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the DGCL is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

2. Change in Rights. Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of this Restated Certificate of Incorporation inconsistent with this Article VII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.

ARTICLE VIII: MATTERS RELATING TO STOCKHOLDERS

1. No Action by Written Consent of Stockholders. Subject to the rights of any series of Preferred Stock, no action shall be taken by the stockholders of the Corporation except at a duly called annual or special meeting of stockholders and no action shall be taken by the stockholders by written consent.

2. Special Meeting of Stockholders. Special meetings of the stockholders of the Corporation may be called only by the Chairperson of the Board, the Chief Executive Officer, the President or the Board acting pursuant to a resolution adopted by a majority of the Whole Board.

3. Advance Notice of Stockholder Nominations and Business Transacted at Special Meetings. Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation. Business transacted at special meetings of stockholders shall be confined to the purpose or purposes stated in the notice of meeting.

ARTICLE IX: CHOICE OF FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation; (b) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders; (c) any action asserting a claim against the Corporation (or its directors, officers or other employees)

arising pursuant to any provision of the DGCL, this Restated Certificate of Incorporation or the Bylaws; (d) any action to interpret, apply, enforce or determine the validity of this Restated Certificate of Incorporation or the Bylaws; or (e) any action asserting a claim against the Corporation governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article IX. Furthermore, and without limiting the generality of the foregoing, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring any internal corporate claims, as such term is defined and used in Section 115 of the DGCL, as may be amended.

ARTICLE X: AMENDMENT OF CERTIFICATE OF INCORPORATION

If any provision of this Restated Certificate of Incorporation becomes or is declared on any ground by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Restated Certificate of Incorporation, and the court will replace such illegal, void or unenforceable provision of this Restated Certificate of Incorporation with a valid and enforceable provision that most accurately reflects the Corporation's intent, in order to achieve, to the maximum extent possible, the same economic, business and other purposes of the illegal, void or unenforceable provision. The balance of this Restated Certificate of Incorporation shall be enforceable in accordance with its terms.

The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; *provided*, *however*, that, notwithstanding any other provision of this Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of this Corporation required by law or by this Restated Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal any provision of this Restated Certificate of Incorporation; provided, further, that if two-thirds of the Whole Board has approved such amendment or repeal of any provisions of this Certificate of Incorporation, then only the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, voting together as a single class, shall be required to amend or repeal any provision of this Certificate of Incorporation.

*** * * * * * * * * * ***

Exhibit 3.3

AMENDMENT TO THE BYLAWS OF
ANAPTYSBIO, INC.
a Delaware corporation

July 9, 2015

The following sets forth the amendment to the bylaws (the "***Bylaws***") of AnaptysBio, Inc., a Delaware corporation (the "***Company***"), which is adopted as of the date hereof:

The first paragraph of the Bylaws' Article XIV is hereby amended and restated to read, in its entirety, as follows: "**Section 46. Right of First Refusal**. No stockholder shall sell, assign, pledge, or in any manner transfer any of the shares of common stock (other than shares of common stock issued or issuable upon conversion of shares of the preferred stock) of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except by a transfer which meets the requirements hereinafter set forth in this bylaw:"

Except as expressly modified hereby, the Bylaws and all the provisions thereof remain in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereto subscribed his name as of the date first above written.

ANAPTYSBIO, INC.

By: /s/ Hamza Suria
Hamza Suria, Secretary

BYLAWS

OF

ANAPTYS BIOSCIENCES, INC.
(A DELAWARE CORPORATION)

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BYLAWS

OF

ANAPTYS BIOSCIENCES, INC.
(A DELAWARE CORPORATION)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

STOCKHOLDERS' MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law ("***DGCL***").

Section 5. Annual Meeting.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation's notice of meeting of stockholders; (ii) by or at the

direction of the Board of Directors; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving of notice provided for in the following paragraph, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 5.

(b) At an annual meeting of the stockholders) only such business shall be conducted as shall have been properly brought before the meeting. For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, (i) the stockholder must have given timely notice thereof in writing to the Secretary of the corporation, (ii) such other business must be a proper matter for stockholder action under the DGCL, (iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the corporation with a Solicitation Notice (as defined in this Section 5(b)), such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the corporation's voting shares reasonably believed by such stockholder or beneficial owner to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice, and (iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 5. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (A) as to each person whom the stockholder proposed to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "***1934 Act***") and Rule 14a-4(d) thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the

notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (ii) the class and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of the proposal, at least the percentage of the corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "***Solicitation Notice***").

(c) Notwithstanding anything in the second sentence of Section 5(b) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the corporation at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 5 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10^{th}) day following the day on which such public announcement is first made by the corporation.

(d) Only such persons who are nominated in accordance with the procedures set forth in this Section 5 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 5. Except as otherwise provided by law, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(e) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation proxy statement pursuant to Rule 14a-8 under the 1934 Act.

(f) For purposes of this Section 5, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer, (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption) or (iv) by the holders of shares entitled to cast not less than twenty percent (20%) of the votes at the meeting, and shall be held at such place, on such date, and at such time as the Board of Directors shall fix. At any time or times that the corporation is subject to Section 2115(b) of the California General Corporation Law ("***CGCL***"), stockholders holding five percent (5%) or more of the outstanding shares shall have the right to call a special meeting of stockholders as set forth in Section 18(b) herein.

(b) If a special meeting is properly called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by certified or registered mail, return receipt requested, or by telegraphic or other facsimile transmission to the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The Board of Directors shall determine the time and place of such special meeting, which shall be held not less than thirty-five (35) nor more than one hundred twenty (120) days after the date of the receipt of the request. Upon determination of the time and place of the meeting, the officer receiving the request shall cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. Nothing contained in this paragraph (b) shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

Section 7. Notice of Meetings. Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. Notice of the time, place, if any, and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of a majority of shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of a majority of the shares present in person, by remote communication, if applicable, or represented by proxy. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote or execute consents shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a

stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 13. Action Without Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, any action required by statute to be taken at any annual or special meeting of the stockholders, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, or by electronic transmission setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitle to vote thereon were present and voted.

(b) Every written consent or electronic transmission shall bear the date of signature of each stockholder who signs the consent, and no written consent or electronic transmission shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation in the manner herein required, written consents or electronic transmissions signed by a sufficient number of stockholders to take action are delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody

of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

(c) Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing or by electronic transmission and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take action were delivered to the corporation as provided in Section 228(c) of the DGCL. If the action which is consented to is such as would have required the filing of a certificate under any section of the DGCL if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

(d) A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced .in paper form and until such paper form shall be delivered to the corporation by delivery to its registered office in the state of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the board of directors of the corporation. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Section 14. Organization.

(a) At every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President, or, if the President is absent, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote,

present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participant and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

DIRECTORS

Section 15. Number and Term of Office. The authorized number of directors of the corporation shall be fixed by the Board of Directors from time to time. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient.

Section 16. Powers. The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 17. Term of Directors.

(a) Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, directors shall be elected at each annual meeting of stockholders for a term of one year. Each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(b) No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the corporation is subject to Section 2115(b) of the CGCL. During such time or times that the corporation is subject to

Section 2115(b) of the CGCL, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder thinks fit. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

Section 18. Vacancies.

(a) Unless otherwise provided in the Certificate of Incorporation, and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, *provided*, *however*, that whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director.

(b) At any time or times that the corporation is subject to §2115(b) of the CGCL, if, after the filling of any vacancy, the directors then in office who have been elected by stockholders shall constitute less than a majority of the directors then in office, then

(i) any holder or holders of an aggregate of five percent (5%) or more of the total number of shares at the time outstanding having the right to vote for those directors may call a special meeting of stockholders; or

(ii) the Superior Court of the proper county shall, upon application of such stockholder or stockholders, summarily order a special meeting of the stockholders, to be held to elect the entire board, all in accordance with Section 305(c) of the CGCL, the term of office of any director shall terminate upon that election of a successor.

Section 19. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 20. Removal.

(a) Subject to any limitations imposed by applicable law (and assuming the corporation is not subject to Section 2115 of the CGCL), the Board of Directors or any director may be removed from office at any time (i) with cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the corporation entitled to vote generally at an election of directors or (ii) without cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the corporation, entitled to vote generally at an election of directors.

(b) During such time or times that the corporation is subject to Section 2115(b) of the CGCL, the Board of Directors or any individual director may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

Section 21. Meetings

(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors, either orally or in writing, including a voice-messaging system or other system designated to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means. No further notice shall be required for a regular meeting of the Board of Directors.

(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the President or any director.

(c) Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) Notice of Special Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by US mail, it shall be sent by first class mail, postage prepaid at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is no lawfully called or convened.

(e) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 22. Quorum and Voting.

(a) Unless the Certificate of Incorporation requires a greater number, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; *provided*, *however*, at any meeting, whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 23. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or transmission or transmissions are

filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 24. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (l) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of this Bylaw may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 26. Organization. At every meeting of the directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President, or if the President is absent, the most senior Vice President, (if a director) or, in the absence of any such person, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, any Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 27. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer, the Treasurer and the Controller, all of whom shall be elected at the annual organizational meeting of the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 28. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner

removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chairman of the Board of Directors. The Chairman of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. If there is no President, then the Chairman of the Board of Directors shall also serve as the Chief Executive Officer of the Corporation and shall have the powers and duties prescribed in paragraph (c) of this Section 28.

(c) Duties of President. The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. Unless some other officer has been elected Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(d) Duties of Vice Presidents. The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(e) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of

Directors or the President shall designate from time to time. The President may direct the Treasurer or any Assistant Treasurer, or the Controller or any Assistant Controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each Controller and Assistant Controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

Section 29. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 30. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 31. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 32. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for

any amount.

Section 33. Voting of Securities Owned by the Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 34. Form and Execution of Certificates. Certificates for the shares of stock of the corporation shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman of the Board of Directors, or the President or any Vice President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. Each certificate shall state upon the face or back thereof, in full or in summary, all of the powers, designations, preferences, and rights, and the limitations or restrictions of the shares authorized to be issued or shall; except as otherwise required by law, set forth on the face or back a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this section or otherwise required by law or with respect to this section a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 35. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner’s legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such

form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 36. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 37. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (l0) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (l0) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or any officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation’s registered office shall be by hand

or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 38. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 39. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation , other than stock certificates (covered in Section 34), may be signed by the Chairman of the Board of Directors, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; *provided*, *however*, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or hear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same

or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 40. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 41. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation , and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

FISCAL YEAR

Section 42. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI

INDEMNIFICATION

Section 43. Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, "executive officers" shall have the meaning defined in Rule 3b-7 promulgated under the 1934 Act) to the fullest extent not prohibited by the DGCL or any other applicable law; *provided*, *however*, that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, *provided*, *further*, that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers

vested in the corporation under the Delaware General Corporation Law or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

(b) Other Officers, Employees and Other Agents. The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding, provided, however, that, if the DGCL requires, an advancement of expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section 43 or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this Bylaw, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation, in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of a quorum consisting of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this Bylaw to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made Within ninety (90) days of request therefor. The

claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the' claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGGL or any other applicable law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director, or executive officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL, or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Bylaw.

(h) Amendments. Any repeal or modification of this Bylaw shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable

portion of this Bylaw that shall not have been invalidated, or by any other applicable law. If this Section 43 shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(1) The term ‘‘proceeding’’ shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(2) The term “expenses” shall be broadly construed and shall include, without limitation, court costs, attorneys’ fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(3) The term the “corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Bylaw with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(4) References to a “director,” “executive officer,” “officer,” “employee,” or “agent” of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(5) References to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the corporation” shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner ‘‘not opposed to the best interests of the corporation” as referred to in this Bylaw.

ARTICLE XII

NOTICES

Section 44. Notices.

(a) Notice to Stockholders. Written notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, written notice to stockholders for purposes other than stockholder meetings may be sent by United States mail or nationally recognized overnight courier, or by facsimile, telegraph or telex or by electronic mail or other electronic means.

(b) Notice to Directors. Any notice required to be given to any director may be given by the method stated in subsection (a), or as provided for in Section 21 of these Bylaws. If such notice is not delivered personally, it shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation ·or its transfer agent appointed with respect to the class of stock affected or other agent, specifying ·the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice to Person with Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of

Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within 60 days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 45. Amendments. The Board of Directors is expressly empowered to adopt, amend or repeal Bylaws of the corporation. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall requite the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE XIV

RIGHT OF FIRST REFUSAL

Section 46. Right of First Refusal. No stockholder shall sell, assign, pledge, or in any manner transfer any of the shares of common stock of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except by a transfer which meets the requirements hereinafter set forth in this bylaw:

(a) If the stockholder desires to sell or otherwise transfer any of his shares of common stock, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed transfer.

(b) For thirty (30) days following receipt of such notice, the corporation shall have the option to purchase all (but not less than all) of the shares specified in the notice at the price and upon the terms set forth in such notice; *provided*, *however*, that, with the consent of the stockholder, the corporation shall have the option to purchase a lesser portion of the shares specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other transfer in which the proposed transferee is not paying the full price for the shares, and that is not otherwise exempted from the provisions of this Section 46, the price shall be deemed to be the fair market value of the stock at such time as determined in good faith by the Board of Directors. In the event the corporation elects to purchase all of the shares or with consent of the stockholder, a lesser portion of the shares, it shall give written notice to the transferring stockholder of its election and settlement for said shares shall be made as provided below in paragraph (d).

(c) The corporation may assign its rights hereunder.

(d) In the event the corporation and/or its assignee(s) elect to acquire any of the shares of the transferring stockholder as specified in said transferring stockholder's notice, the Secretary of the corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within thirty (30) days after the Secretary of the corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the corporation and/or its assignee(s) shall pay for said shares on the same terms and conditions set forth in said transferring stockholder's notice.

(e) In the event the corporation and/or its assignees(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may, within the sixty-day period following the expiration of the option rights granted to the corporation and/or its assignees(s) herein, transfer the shares specified in said transferring stockholder's notice which were not acquired by the corporation and/or its assignees(s) as specified in said transferring stockholder's notice. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of this bylaw in the same manner as before said transfer.

(f) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this bylaw:

(1) A stockholder's transfer of any or all shares held either during such stockholder' s lifetime or on death by will or intestacy to such stockholder's immediate family or to any custodian or trustee for the account of such stockholder or such stockholder' s immediate family or to any limited partnership of which the stockholder, members of such stockholder's immediate family or any trust for the account of such stockholder or such stockholder's immediate family will be the general of limited partner(s) of such partnership. "Immediate family" as used herein shall mean spouse, lineal descendant, father, mother, brother, or sister of the stockholder making such transfer.

(2) A stockholder's bona fide pledge or mortgage of any shares with a commercial lending institution, provided that any subsequent transfer of said shares by said institution shall be conducted in the manner set forth in this bylaw.

(3) A stockholder's transfer of any or all of such stockholder's shares to the corporation or to any other stockholder of the corporation.

(4) A stockholder's transfer of any or all of such stockholder's shares to a person who, at the time of such transfer, is an officer or director of the corporation.

(5) A corporate stockholders transfer of any or all of its shares pursuant to and in accordance with the terms of any merger, consolidation, reclassification of shares or capital reorganization of the corporate stockholder, or pursuant to a sale of all or substantially all of the stock or assets of a corporate stockholder.

(6) A corporate stockholder's transfer of any or all of its shares to any or all of its stockholders.

(7) A transfer by a stockholder which is a limited or general partnership to any or all of its partners or former partners.

In any such case, the transferee, assignee, or other recipient shall receive and hold such stock subject to the provisions of this bylaw, and there shall be no further transfer of such stock except in accord with this bylaw.

(g) The provisions of this bylaw may be waived with respect to any transfer either by the corporation, upon duly authorized action of its Board of Directors, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation (excluding the votes represented by those shares to be transferred by the transferring stockholder). This bylaw may be amended or repealed either by a duly authorized action of the Board of Directors or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation.

(h) Any sale or transfer, or purported sale or transfer, of securities of the corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(i) The foregoing right of first refusal shall terminate on either of the following dates, whichever shall first occur:

(1) On February 21, 2016; or

(2) Upon the date securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

(j) The certificates representing shares of stock of the corp0ration shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), AS PROVIDED IN THEBYLAWS OF THE CORPORATION."

ARTICLE XV

LOANS TO OFFICERS

Section 47. Loans to Officers. Except as otherwise prohibited under applicable law, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a Director of the corporation or its subsidiaries, whenever, in the judgment of

the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law, or under any statute.

ARTICLE XVI

MISCELLANEOUS

Section 48. Annual Report.

(a) Subject to the provisions of paragraph (b) of this Bylaw, the Board of Directors shall cause an annual report to be sent to each stockholder of the corporation not later than one hundred twenty (120) days after the close of the corporation's fiscal year. Such report shall include a balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year, accompanied by any report thereon of independent accounts or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation. When there are more than 100 stockholders of record of the corporation's shares, as determined by Section.605 of the CGCL, additional information as required by Section 1501(b) of the CGCL shall also be contained in such report, provided that if the corporation has a class of securities registered under Section 12 of the 1934 Act, the 1934 Act shall take precedence. Such report shall be sent to stockholders at least fifteen (15) days prior to the next annual meeting of stockholders after the end of the fiscal year to which it relates.

(b) If and so long as there are fewer than 100 holders of record of the corporation's shares, the requirement of sending of an annual report to the stockholders of the corporation is hereby expressly waived.

Exhibit 3.4

ANAPTYSBIO, INC.,

a Delaware Corporation

AMENDED AND RESTATED BYLAWS

As Adopted _____, 2015

ANAPTYSBIO, INC.,

a Delaware Corporation

AMENDED AND RESTATED BYLAWS

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ANAPTYSBIO, INC.,

a Delaware Corporation

AMENDED AND RESTATED BYLAWS

As Adopted _____, 2015

ARTICLE I: STOCKHOLDERS

Section 1.1: Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date and time as the Board of Directors of the Corporation (the "***Board***") shall each year fix. The meeting may be held either at a place, within or without the State of Delaware as permitted by the Delaware General Corporation Law (the "***DGCL***"), or by means of remote communication as the Board in its sole discretion may determine. Any proper business may be transacted at the annual meeting.

Section 1.2: Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Chairperson of the Board, the Chief Executive Officer, the President or the Board acting pursuant to a resolution adopted by a majority of the "***Whole Board***," which shall mean the total number of authorized directors, whether or not there exist any vacancies in previously authorized directorships. Special meetings may not be called by any other person or persons. The special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine.

Section 1.3: Notice of Meetings. Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by law (including, without limitation, as set forth in Section 7.1.1 of these Amended and Restated Bylaws) stating the date, time and place, if any, of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Restated Certificate of Incorporation of the Corporation, as amended from time to time (the "***Certificate of Incorporation***"), such notice shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

Section 1.4: Adjournments. The chairperson of the meeting shall have the power to adjourn the meeting to another time, date and place (if any). Any meeting of stockholders may adjourn from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof and the means of remote communications (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; *provided*, *however*, that if the adjournment is for more than thirty (30) days, or if a new record date is fixed for the adjourned meeting, then a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting. To the fullest extent permitted by law, the Board may postpone or reschedule any previously scheduled special or annual meeting of stockholders before it is to be held, in which case notice shall be provided to

the stockholders of the new date, time and place, if any, of the meeting as provided in Section 1.3 above.

Section 1.5: Quorum. At each meeting of stockholders the holders of a majority of the voting power of the shares of stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business, unless otherwise required by applicable law. Where a separate vote by a class or classes or series is required, a majority of the voting power of the shares of such class or classes or series present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter. If a quorum shall fail to attend any meeting, the chairperson of the meeting or the holders of a majority of the shares entitled to vote who are present, in person or by proxy, at the meeting may adjourn the meeting. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; *provided*, *however*, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum.

Section 1.6: Organization. Meetings of stockholders shall be presided over by such person as the Board may designate, or, in the absence of such a person, the Chairperson of the Board, or, in the absence of such person, the President of the Corporation, or, in the absence of such person, such person as may be chosen by the holders of a majority of the voting power of the shares entitled to vote who are present, in person or by proxy, at the meeting. Such person shall be chairperson of the meeting and, subject to Section 1.10 hereof, shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her to be in order. The Secretary of the Corporation shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7: Voting; Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Except as may be required in the Certificate of Incorporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Unless otherwise provided by applicable law, the rules of any stock exchange upon which the Corporation's securities are listed, the Certificate of Incorporation or these Amended and Restated Bylaws, every matter other than the election of directors shall be decided by a majority of the affirmative votes cast for or against the matter.

Section 1.8: Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, unless otherwise required by law, the Board may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than sixty (60), nor less than ten (10), days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed by the Board, then the record date shall be as provided by

applicable law. To the fullest extent permitted by law, a determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the Board may fix a new record date for the adjourned meeting.

Section 1.9: List of Stockholders Entitled to Vote. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either on a reasonably accessible electronic network as permitted by law (provided that the information required to gain access to the list is provided with the notice of the meeting) or during ordinary business hours at the principal place of business of the Corporation. If the meeting is held at a location where stockholders may attend in person, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting.

Section 1.10: Inspectors of Elections.

1.10.1 Applicability. Unless otherwise required by the Certificate of Incorporation or by the DGCL, the following provisions of this Section 1.10 shall apply only if and when the Corporation has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an interdealer quotation system of a registered national securities association; or (c) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.10 shall be optional, and at the discretion of the Board.

1.10.2 Appointment. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

1.10.3 Inspector's Oath. Each inspector of election, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

1.10.4 Duties of Inspectors. At a meeting of stockholders, the inspectors of election shall (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.10.5 Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

1.10.6 Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies in accordance with any information provided pursuant to Section 211(a)(2)(b)(i) or (iii) of the DGCL, or Sections 211(e) or 212(c)(2) of the DGCL, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.10 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.11: Notice of Stockholder Business; Nominations.

1.11.1 Annual Meeting of Stockholders.

(a) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders shall be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of such meeting, (ii) by or at the direction of the Board or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 1.11, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1.11. For the avoidance of doubt, the foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations or propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "***Exchange Act***")), at an annual meeting of stockholders.

(b) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 1.11.1(a):

(i) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, at the Corporation's principal executive office;

(ii) such other business must otherwise be a proper matter for stockholder action;

(iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in this Section, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such

proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice; and

(iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section.

To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the seventy-fifth (75th) day nor earlier than the close of business on the one hundred and fifth (105th) day prior to the first anniversary of the preceding year's annual meeting (except in the case of the Corporation's first annual meeting following its initial public offering, for which such notice shall be timely if delivered in the same time period as if such meeting were a special meeting governed by Section 1.11.2); *provided*, *however*, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered (A) no earlier than the close of business on the one hundred and fifth (105th) day prior to currently proposed annual meeting and (B) no later than the close of business on the later of the seventy-fifth (75th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall an adjournment, or postponement of an annual meeting for which notice has been given, commence a new time period for the giving of a stockholder's notice. Such stockholder's notice shall set forth:

(x) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors, or would be otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected;

(y) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(z) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (aa) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (bb) the class and number of shares of the Corporation that are owned beneficially and held of record by such stockholder and such beneficial owner, (cc) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, (dd) a description of any agreement, arrangement or understanding (including any derivative or

short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and such beneficial owners, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to shares of stock of the Corporation, (ee) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination and (ff) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent being a "***Solicitation Notice***"). If requested by the Corporation, the information required under clauses (bb), (cc) and (dd) of this subparagraph (z) shall be supplemented by such stockholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such information as of the record date.

(c) Notwithstanding anything in the second sentence of Section 1.11.1(b) to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no Public Announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board at least seventy five (75) days prior to the first anniversary of the preceding year's annual meeting (or, if the annual meeting is held more than thirty (30) days before or sixty (60) days after such anniversary date, at least seventy five (75) days prior to such annual meeting), a stockholder's notice required by this Section 1.11 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation no later than the close of business on the tenth (10th) day following the day on which such Public Announcement is first made by the Corporation.

1.11.2 Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of such meeting (a) by or at the direction of the Board or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Section 1.11.1(b) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation (i) no earlier than the one hundred fifth (105th) day prior to such special meeting and (ii) no later than the close of business on the later of the seventy fifth (75th) day prior to such special meeting or the tenth (10th) day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no

event shall an adjournment, or postponement of a special meeting for which notice has been given, commence a new time period for the giving of a stockholder of record's notice.

1.11.3 General.

(a) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.11 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.11. Except as otherwise provided by law or these Amended and Restated Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.11 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded.

(b) For purposes of this Section 1.11, the term "***Public Announcement***" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(c) Notwithstanding the foregoing provisions of this Section 1.11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 1.11 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

ARTICLE II: BOARD OF DIRECTORS

Section 2.1: Number; Qualifications. The Board shall consist of one or more members. The initial number of directors shall be seven (7), and thereafter, unless otherwise required by law, be fixed from time to time as set forth in the Certificate of Incorporation. No decrease in the authorized number of directors constituting the Board shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2: Election; Resignation; Removal; Vacancies. The directors shall be divided, with respect to the time for which they severally hold office, into classes as provided in the Certificate of Incorporation, and vacancies occurring in the Board and any newly created directorships resulting from any increase in the authorized number of directors shall be filled, as provided in the Certificate of Incorporation.

Section 2.3: Regular Meetings. Regular meetings of the Board may be held at such places, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

Section 2.4: Special Meetings. Special meetings of the Board may be called by the Chairperson of the Board, the Chief Executive Officer, the President or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including

electronic mail), by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, overnight express mail, facsimile, electronic mail or other means of electronic transmission. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5: Remote Meetings Permitted. Members of the Board, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

Section 2.6: Quorum; Vote Required for Action. Subject to the Certificate of Incorporation regarding the ability of members of the Board to fill a vacancy occurring in the Board, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time without further notice thereof. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 2.7: Organization. Meetings of the Board shall be presided over by the Chairperson of the Board, or in such person's absence by the Chief Executive Officer, or in such person's absence by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8: Written Action by Directors. Any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee, respectively, in the minute books of the Corporation. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.9: Powers. The Board may, except as otherwise required by law or the Certificate of Incorporation, exercise all such powers and manage and direct all such acts and things as may be exercised or done by the Corporation.

Section 2.10: Compensation of Directors. Members of the Board, as such, may receive, pursuant to a resolution of the Board, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board.

ARTICLE III: COMMITTEES

Section 3.1: Committees. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such

committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving, adopting, or recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation.

Section 3.2: Committee Rules. Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these Amended and Restated Bylaws.

ARTICLE IV: OFFICERS

Section 4.1: Generally. The officers of the Corporation shall consist of a Chief Executive Officer (who may be the Chairperson of the Board or the President), a Secretary and a Treasurer and may consist of such other officers, including a Chief Financial Officer and one or more Vice Presidents, as may from time to time be appointed by the Board. All officers shall be elected by the Board; *provided*, *however*, that the Board may empower the Chief Executive Officer of the Corporation to appoint any officer other than the Chairperson of the Board, the Chief Executive Officer, the President, the Chief Financial Officer or the Treasurer. Each officer shall hold office until such person's successor is appointed or until such person's earlier resignation, death or removal. Any number of offices may be held by the same person. Any officer may resign at any time upon written notice to the Corporation. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board.

Section 4.2: Chief Executive Officer. Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the Corporation are:

(a) To act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;

(b) Subject to Article I, Section 1.6, to preside at all meetings of the stockholders;

(c) Subject to Article I, Section 1.2, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Amended and Restated Bylaws, at such places as he or she shall deem proper;

(d) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment

of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation; and, subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation; and

(e) To vote and otherwise act on, or to authorize any officer to vote or otherwise act on, on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise, or authorize any officer otherwise to exercise, any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

The President shall be the Chief Executive Officer of the Corporation unless the Board shall designate another officer to be the Chief Executive Officer. If there is no President, and the Board has not designated any other officer to be the Chief Executive Officer, then the Chairperson of the Board shall be the Chief Executive Officer.

Section 4.3: Chairperson of the Board. The Chairperson of the Board shall have the power to preside at all meetings of the Board and shall have such other powers and duties as provided in these Amended and Restated Bylaws and as the Board may from time to time prescribe.

Section 4.4: President. The Chief Executive Officer shall be the President of the Corporation unless the Board shall have designated one individual as the President and a different individual as the Chief Executive Officer of the Corporation. Subject to the provisions of these Amended and Restated Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board to the Chairperson of the Board, and/or to any other officer, the President shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

Section 4.5: Vice President. Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President, or that are delegated to him or her by the Board or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

Section 4.6: Chief Financial Officer. The Chief Financial Officer shall be the Treasurer of the Corporation unless the Board shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer.

Section 4.7: Treasurer. The Treasurer shall have custody of all moneys and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The

Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.8: Secretary. The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.9: Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 4.10: Removal. Any officer of the Corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; provided that if the Board has empowered the Chief Executive Officer to appoint any Vice Presidents of the Corporation, then such Vice Presidents may be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V: STOCK

Section 5.1: Certificates. The shares of capital stock of the Corporation shall be represented by certificates; provided, however, that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock may be uncertificated shares. Notwithstanding the adoption of such resolution by the Board, each holder of stock that is a certificated security shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairperson or Vice-Chairperson of the Board, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, certifying the number of shares owned by such stockholder in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates or Uncertificated Shares. The Corporation may issue a new certificate of stock, or uncertificated shares, in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner’s legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 5.3: Other Regulations. The issue, transfer, conversion and registration of stock certificates and uncertificated securities shall be governed by such other regulations as the Board may establish.

ARTICLE VI: INDEMNIFICATION

Section 6.1: Indemnification of Officers and Directors. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***Proceeding***"), by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a member of the Board or officer of the Corporation or is or was serving at the request of the Corporation as a member of the board of directors, officer or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (for purposes of this Article VI, an "***Indemnitee***"), shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, provided such Indemnitee acted in good faith and in a manner that the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful. Such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer and shall inure to the benefit of such Indemnitees' heirs, executors and administrators. Notwithstanding the foregoing, the Corporation shall indemnify any such Indemnitee seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board or such indemnification is authorized by an agreement approved by the Board.

Section 6.2: Advancement of Expenses. Except as otherwise provided in a written indemnification agreement between the Corporation and an Indemnitee, the Corporation shall pay all expenses (including attorneys' fees) incurred by such an Indemnitee in defending any such Proceeding as they are incurred in advance of its final disposition; *provided, however*, that if the DGCL then so requires, the payment of such expenses incurred by such Indemnitee in advance of the final disposition of such Proceeding shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay all amounts so advanced if it should be determined ultimately by final judicial decision from which there is no appeal that such Indemnitee is not entitled to be indemnified under this Article VI or otherwise. Expenses (including attorneys' fees) actually and reasonably incurred by an officer or director of the corporation in defending any Proceeding shall be paid by the corporation in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this Article VI or the DGCL. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents of the corporation or by persons serving at the request of the corporation as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and

conditions, if any, as the corporation deems appropriate. The right to advancement of expenses shall not apply to any claim for which indemnity is excluded pursuant to these Amended and Restated Bylaws, but shall apply to any Proceeding referenced in Section 6.1 prior to a determination that the person is not entitled to be indemnified by the corporation.

Section 6.3: Non-Exclusivity of Rights. The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.4: Indemnification Contracts. The Board is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, that provide indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: Right of Indemnitee to Bring Suit. The following shall apply to the extent not in conflict with any indemnification contract provided for in Section 6.4 above.

6.5.1 Right to Bring Suit. If a claim under Section 6.1 or 6.2 of this Article VI is not paid in full by the Corporation within ninety (90) days after a written claim has been received by the Corporation, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (a) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (b) in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Indemnitee has not met any applicable standard for indemnification set forth in applicable law.

6.5.2 Effect of Determination. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in applicable law, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

6.5.3 Burden of Proof. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to

recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI, or otherwise, shall be on the Corporation.

Section 6.6: Nature of Rights. The rights conferred upon Indemnitees in this Article VI shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any amendment, repeal or modification of any provision of this Article VI that adversely affects any right of an Indemnitee or an Indemnitee's successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

Section 6.7: Insurance. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

ARTICLE VII: NOTICES

Section 7.1: Notice.

7.1.1 Form and Delivery. Except as otherwise specifically required in these Amended and Restated Bylaws (including, without limitation, Section 7.1.2 below) or by law, all notices required to be given pursuant to these Amended and Restated Bylaws shall be in writing and may, (a) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by prepaid telegram, cablegram, overnight express courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid or, if specifically consented to by the stockholder as described in Section 7.1.2 of this Article VII by sending such notice by telegram, cablegram, facsimile, electronic mail or other form of electronic transmission. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (a) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (b) in the case of delivery by mail, upon deposit in the mail, (c) in the case of delivery by overnight express courier, when dispatched, and (d) in the case of delivery via telegram, cablegram, facsimile, electronic mail or other form of electronic transmission, when dispatched.

7.1.2 Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation, or these Amended and Restated Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given in accordance with Section 232 of the DGCL. Any

such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (a) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (b) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; ***provided***, ***however***, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 7.1.2 shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

7.1.3 Affidavit of Giving Notice. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.2: Waiver of Notice. Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Amended and Restated Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

ARTICLE VIII: INTERESTED DIRECTORS

Section 8.1: Interested Directors. No contract or transaction between the Corporation and one or more of its members of the Board or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are members of the board of directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders.

Section 8.2: Quorum. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

ARTICLE IX: MISCELLANEOUS

Section 9.1: Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board.

Section 9.2: Seal. The Board may provide for a corporate seal, which may have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

Section 9.3: Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of, diskettes, CDs, or any other information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

Section 9.4: Reliance upon Books and Records. A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5: Certificate of Incorporation Governs. In the event of any conflict between the provisions of the Certificate of Incorporation and Amended and Restated Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6: Severability. If any provision of these Amended and Restated Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Amended and Restated Bylaws (including without limitation, all portions of any section of these Amended and Restated Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

Section 9.7: Time Periods. In applying any provision of these Amended and Restated Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE X: AMENDMENT

Notwithstanding any other provision of these Amended and Restated Bylaws, any amendment or repeal of these Amended and Restated Bylaws, or adoption of Bylaws, shall require the approval of the Board or the stockholders of the Corporation as provided in the Certificate of Incorporation.

ANAPTYSBIO, INC.

FOURTH AMENDED AND RESTATED
INVESTOR RIGHTS AGREEMENT

THIS FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT (the "***Agreement***") is entered into as of July 13, 2015 by and among **ANAPTYSBIO, INC.**, a Delaware corporation (the "***Company***") and the investors listed on **Exhibit A** hereto, referred to hereinafter as the "***Investors***" and each individually as an "***Investor***."

RECITALS

WHEREAS, certain of the Investors are purchasing shares of the Company's Series D Preferred Stock (the "***Series D Preferred***") pursuant to that certain Series D Preferred Stock Purchase Agreement (as the same may be amended from time to time, the "***Purchase Agreement***") of even date herewith (the "***Financing***");

WHEREAS, the obligations in the Purchase Agreement are conditioned upon the execution and delivery of this Agreement;

WHEREAS, certain of the Investors (the "***Prior Investors***") are holders of the Company's Series B Preferred Stock (the "***Series B Preferred***"), the Company's Series B-1 Preferred Stock (the "***Series B-1 Preferred***"), the Company's Series B-2 Preferred Stock (the "***Series B-2 Preferred***"), the Company's Series C Preferred Stock (the "***Series C Preferred***"), and the Company's Series C-1 Preferred Stock (the "***Series C-1 Preferred***," and together with the Series B Preferred, Series B-1 Preferred, Series B-2 Preferred, Series C Preferred and Series D Preferred, the "***Preferred Stock***");

WHEREAS, the Prior Investors and the Company are parties to that certain Third Amended and Restated Investor Rights Agreement dated July 15, 2013 (the "***Prior Agreement***");

WHEREAS, the parties to the Prior Agreement desire to amend and restate the Prior Agreement and accept the rights and covenants hereof in lieu of their rights and covenants under the Prior Agreement; and

WHEREAS, in connection with the consummation of the Financing, the Company and the Investors have agreed to the registration rights, information rights and other rights as set forth below.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. GENERAL.

1.1 Amendment and Restatement of Prior Agreement. The Prior Agreement is hereby amended in its entirety and restated herein. Such amendment and restatement is effective upon the execution of this Agreement by the Company and the holders of a majority of the

Registrable Securities (as defined in the Prior Agreement) held by the Prior Investors outstanding as of the date of this Agreement. Upon such execution, all provisions of, rights granted and covenants made in the Prior Agreement are hereby waived, released and superseded in their entirety and shall have no further force or effect including, without limitation, all rights of first refusal and any notice period associated therewith otherwise applicable to the transactions contemplated by the Purchase Agreement.

1.2 Definitions. As used in this Agreement the following terms shall have the following respective meanings:

(a) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

(b) "***Form S-3***" means such form under the Securities Act as in effect on the date hereof or any successor or similar registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(c) "***Holder***" means any person owning of record Registrable Securities that have not been sold to the public or any assignee of record of such Registrable Securities in accordance with Section 2.9 hereof. In addition, for purposes of Sections 2.11 and 2.12 hereof, the term "Holder" shall also include any person owning of record shares of Common Stock of the Company issued as the result of a Special Mandatory Conversion event described in clause (i) of the definition of Registrable Securities.

(d) "***Initial Offering***" means the Company's first firm commitment underwritten public offering of its Common Stock registered under the Securities Act.

(e) "***Qualified IPO***" shall have the meaning set forth in the Restated Charter.

(f) "***Register***," "***registered***," and "***registration***" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

(g) "***Registrable Securities***" means (a) Common Stock of the Company issuable or issued upon conversion of the Shares and (b) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, such above-described securities. Notwithstanding the foregoing, Registrable Securities shall not include any securities (i) issued upon the conversion of Shares pursuant to a Special Mandatory Conversion as set forth in Article IV.D, Section 5(i) of the Company's Amended and Restated Certificate of Incorporation dated July 15, 2013, (ii) sold by a person to the public either pursuant to a registration statement or Rule 144 or (iii) sold in a private transaction in which the transferor's rights under Section 2 of this Agreement are not assigned.

(h) "***Registrable Securities then outstanding***" shall be the number of shares of the Company's Common Stock that are Registrable Securities and either (a) are then issued and outstanding or (b) are issuable pursuant to then exercisable or convertible securities.

(i) "***Registration Expenses***" shall mean all expenses incurred by the Company in complying with Sections 2.2, 2.3 and 2.4 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, reasonable fees and disbursements not to exceed $35,000 of a single special counsel for the Holders, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

(j) "***Restated Charter***" shall have the meaning set forth in the Purchase Agreement.

(k) "***SEC***" or "***Commission***" means the Securities and Exchange Commission.

(l) "***Securities Act***" shall mean the Securities Act of 1933, as amended.

(m) "***Selling Expenses***" shall mean all underwriting discounts and selling commissions applicable to the sale.

(n) "***Shares***" shall mean the Preferred Stock held from time to time by the Investors listed on **Exhibit A** hereto and their permitted assigns and the Preferred Stock issuable upon exercise of the Warrants.

(o) "***Special Registration Statement***" shall mean (i) a registration statement relating to any employee benefit plan or (ii) with respect to any corporate reorganization or transaction under Rule 145 of the Securities Act, any registration statements related to the issuance or resale of securities issued in such a transaction or (iii) a registration related to stock issued upon conversion of debt securities.

(p) "***Warrants***" shall mean the warrants to purchase Series C Preferred held by the Investors.

SECTION 2. REGISTRATION; RESTRICTIONS ON TRANSFER.

2.1 Restrictions on Transfer.

(a) Each Holder agrees not to make any disposition of all or any portion of the Shares or Registrable Securities unless and until:

(i) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) (A) The transferee has agreed in writing to be bound by the terms of this Agreement, (B) such Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (C) if reasonably requested by the Company, such Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to

the Company, that such disposition will not require registration of such shares under the Securities Act. It is agreed that the Company will not require opinions of counsel for transactions made pursuant to Rule 144, except in unusual circumstances. After its Initial Offering, the Company will not require any transferee pursuant to Rule 144 to be bound by the terms of this Agreement if the shares so transferred do not remain Registrable Securities hereunder following such transfer.

(b) Notwithstanding the provisions of subsection (a) above, no such restriction shall apply to a transfer by a Holder that is (A) a partnership transferring to its partners or former partners in accordance with partnership interests, (B) a partnership or fund transferring Series D Preferred to one or more of its affiliated partnerships or funds managed by it or any of its respective directors, officers or partners, (C) a corporation transferring to a wholly-owned subsidiary or a parent corporation that owns all of the capital stock of the Holder, (D) a limited liability company transferring to its members or former members in accordance with their interest in the limited liability company, or (E) an individual transferring to the Holder's family member or trust for the benefit of an individual Holder; *provided* that in each case the transferee will agree in writing to be subject to the terms of this Agreement to the same extent as if he were an original Holder hereunder.

(c) Each certificate representing Shares or Registrable Securities shall be stamped or otherwise imprinted with legends substantially similar to the following (in addition to any legend required under applicable state securities laws):

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***ACT***"), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED.
>
> THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT BY AND BETWEEN THE STOCKHOLDER AND THE COMPANY. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY.

(d) The Company shall be obligated to reissue promptly unlegended certificates at the request of any Holder thereof if the Company has completed its Initial Offering and the Holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company) reasonably acceptable to the Company to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification and legend;

provided that the second legend listed above shall be removed only at such time as the Holder of such certificate is no longer subject to any restrictions hereunder.

(e) Any legend endorsed on an instrument pursuant to applicable state securities laws and the stop-transfer instructions with respect to such securities shall be removed upon receipt by the Company of an order of the appropriate blue sky authority authorizing such removal.

2.2 Demand Registration.

(a) Subject to the conditions of this Section 2.2, if the Company shall receive a written request from the Holders of a majority of the Registrable Securities (the "***Initiating Holders***") that the Company file a registration statement under the Securities Act covering the registration of at least a majority of the Registrable Securities then outstanding, then the Company shall, within 30 days of the receipt thereof, give written notice of such request to all Holders, and subject to the limitations of this Section 2.2, effect, as expeditiously as possible, the registration under the Securities Act of all Registrable Securities that all Holders request to be registered.

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 2.2 or any request pursuant to Section 2.4 and the Company shall include such information in the written notice referred to in Section 2.2(a) or Section 2.4(a), as applicable. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Holders of a majority of the Registrable Securities held by all Initiating Holders (which underwriter or underwriters shall be reasonably acceptable to the Company). Notwithstanding any other provision of this Section 2.2 or Section 2.4, if the underwriter advises the Company that marketing factors require a limitation of the number of securities to be underwritten (including Registrable Securities) then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated to the Holders of such Registrable Securities on a *pro rata* basis based on the number of Registrable Securities held by all such Holders (including the Initiating Holders); *provided*, *however*, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless such underwriting and registration does not include shares of any other selling stockholders. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration.

(c) The Company shall not be required to effect a registration pursuant to this Section 2.2:

(i) prior to the earlier of (A) the fifth anniversary of the date of this Agreement or (B) the expiration of the restrictions on transfer set forth in Section 2.11 following the Initial Offering;

(ii) after the Company has effected two registrations pursuant to this Section 2.2, and such registrations have been declared or ordered effective;

(iii) during the period starting with the date of filing of, and ending on the date 180 days following the effective date of the registration statement pertaining to the Initial Offering (or such longer period as may be determined pursuant to Section 2.11 hereof); *provided* that the Company makes reasonable good faith efforts to cause such registration statement to become effective;

(iv) if within 30 days of receipt of a written request from Initiating Holders pursuant to Section 2.2(a), the Company gives notice to the Holders of the Company's intention to file a registration statement for its Initial Offering within 90 days;

(v) if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2.2 a certificate signed by the Chairman of the Company's Board of Directors (the "***Board***") stating that in the good faith judgment of the Board, it would be seriously detrimental to the Company and its stockholders for such registration statement to be effected at such time, in which event the Company shall have the right to defer such filing for a period of not more than 90 days after receipt of the request of the Initiating Holders; *provided* that such right to delay a request shall be exercised by the Company not more than once in any 12 month period;

(vi) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2.4 below; or

(vii) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

2.3 Piggyback Registrations. The Company shall notify all Holders of Registrable Securities in writing at least 15 days prior to the filing of any registration statement under the Securities Act for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding Special Registration Statements) and will afford each such Holder an opportunity to include in such registration statement all or part of such Registrable Securities held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall, within 15 days after the above-described notice from the Company, so notify the Company in writing. Such notice shall state the intended method of disposition of the Registrable Securities by such Holder. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such

Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(a) Underwriting. If the registration statement of which the Company gives notice under this Section 2.3 is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder to include Registrable Securities in a registration pursuant to this Section 2.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, if the Company determines in good faith, based on consultation with the underwriter, that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders on a *pro rata* basis based on the total number of Registrable Securities held by the Holders; and third, to any stockholder of the Company (other than a Holder) on a *pro rata* basis; *provided, however*, that no such reduction shall reduce the amount of securities of the selling Holders included in the registration below 30% of the total amount of securities included in such registration, unless such offering is the Initial Offering and such registration does not include shares of any other selling stockholders, in which event any or all of the Registrable Securities of the Holders may be excluded in accordance with the immediately preceding clause. In no event will shares of any other selling stockholder be included in such registration that would reduce the number of shares which may be included by Holders without the written consent of Holders of not less than 60% of the Registrable Securities proposed to be sold in the offering. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least 10 business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder which is a partnership, limited liability company or corporation, the partners, retired partners, members, retired members and stockholders of such Holder, or the estates and family members of any such partners, retired partners, members and retired members and any trusts for the benefit of any of the foregoing person shall be deemed to be a single "Holder," and any *pro rata* reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "Holder," as defined in this sentence.

(b) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.3 whether or not any Holder has elected to include securities in such registration, and shall promptly notify any Holder that has elected to include shares in such registration of such termination or withdrawal. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.5 hereof

2.4 Form S-3 Registration. In case the Company shall receive from any Holder or Holders of Registrable Securities a written request or requests that the Company effect a

registration on Form S-3 (or any successor to Form S-3) or any similar short-form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen days after receipt of such written notice from the Company; *provided, however*, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.4:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than $2,000,000, net of Registration Expenses and Selling Expenses;

(iii) if within 30 days of receipt of a written request from any Holder or Holders pursuant to this Section 2.4, the Company gives notice to such Holder or Holders of the Company's intention to make a public offering within 90 days, other than pursuant to a Special Registration Statement;

(iv) if the Company shall furnish to the Holders a certificate signed by the Chairman of the Board stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than 90 days after receipt of the request of the Holder or Holders under this Section 2.4; *provided*, that such right to delay a request shall be exercised by the Company not more than once in any 12 month period;

(v) if the Company has, within the 12 month period preceding the date of such request, already effected two registrations on Form S-3 for the Holders pursuant to this Section 2.4; or

(vi) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a Form S-3 registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the requests of the Holders. Registrations effected pursuant to

this Section 2.4 shall not be counted as demands for registration or registrations effected pursuant to Section 2.2.

2.5 Expenses of Registration. Except as specifically provided herein, all Registration Expenses incurred in connection with any registration, qualification or compliance pursuant to Section 2.2, 2.3 or 2.4 herein shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder, shall be borne by the holders of the securities so registered *pro rata* on the basis of the number of shares so registered. The Company shall not, however, be required to pay for expenses of any registration proceeding begun pursuant to Section 2.2 or 2.4, the request of which has been subsequently withdrawn by the Initiating Holders unless (a) the withdrawal is based upon material adverse information concerning the Company of which the Initiating Holders were not aware at the time of such request or (b) the Holders of a majority of Registrable Securities agree to deem such registration to have been effected as of the date of such withdrawal for purposes of determining whether the Company shall be obligated pursuant to Section 2.2(c) or 2.4(b)(5), as applicable, to undertake any subsequent registration, in which event such right shall be forfeited by all Holders). If the Holders are required to pay the Registration Expenses, such expenses shall be borne by the holders of securities (including Registrable Securities) requesting such registration in proportion to the number of shares for which registration was requested. If the Company is required to pay the Registration Expenses of a withdrawn offering pursuant to clause (a) above, then such registration shall not be deemed to have been effected for purposes of determining whether the Company shall be obligated pursuant to Section 2.2(c) or 2.4(b)(5), as applicable, to undertake any subsequent registration.

2.6 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use all efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for up to 90 days or, if earlier, until the Holder or Holders have completed the distribution related thereto; *provided*, *however*, that at any time, upon written notice to the participating Holders and for a period not to exceed 60 days thereafter (the "***Suspension Period***"), the Company may delay the filing or effectiveness of any registration statement or suspend the use or effectiveness of any registration statement (and the Initiating Holders hereby agree not to offer or sell any Registrable Securities pursuant to such registration statement during the Suspension Period) if the Company reasonably believes that there is or may be in existence material nonpublic information or events involving the Company, the failure of which to be disclosed in the prospectus included in the registration statement could result in a Violation (as defined below). In the event that the Company shall exercise its right to delay or suspend the filing or effectiveness of a registration hereunder, the applicable time period during which the registration statement is to remain effective shall be extended by a period of time equal to the duration of the Suspension Period. The Company may extend the Suspension Period for an additional consecutive 60 days with the consent of the holders of a majority of the Registrable Securities registered under the applicable registration statement, which consent shall not be unreasonably withheld. No more than two such Suspension Periods shall occur in any 12 month period. If so directed by the Company, all Holders registering shares under such

registration statement shall (i) not offer to sell any Registrable Securities pursuant to the registration statement during the period in which the delay or suspension is in effect after receiving notice of such delay or suspension; and (ii) use their best efforts to deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holders' possession, of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. Notwithstanding the foregoing, the Company shall not be required to file, cause to become effective or maintain the effectiveness of any registration statement other than a registration statement on Form S-3 that contemplates a distribution of securities on a delayed or continuous basis pursuant to Rule 415 under the Securities Act.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in subsection (a) above.

(c) Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. The Company will use reasonable efforts to amend or supplement such prospectus in order to cause such prospectus not to include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Use its reasonable efforts to furnish, on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters

in an underwritten public offering, addressed to the underwriters, if any, and (ii) a letter, dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters.

2.7 Delay of Registration; Furnishing Information.

(a) No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

(b) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 2.2, 2.3 or 2.4 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registration of their Registrable Securities.

(c) The Company shall have no obligation with respect to any registration requested pursuant to Section 2.2 or Section 2.4 if the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Company's obligation to initiate such registration as specified in Section 2.2 or Section 2.4, whichever is applicable.

2.8 Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.2, 2.3 or 2.4:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, members, officers and directors of each Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "***Violation***") by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement or incorporated reference therein, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with the offering covered by such registration statement; and the Company will reimburse each such Holder, partner, member, officer, director, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; *provided*, *however*, that the indemnity agreement contained in this Section 2.8(a) shall not apply to

amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, member, officer, director, underwriter or controlling person of such Holder.

(b) To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, its officers and each person, if any, who controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, directors or officers or any person who controls such Holder, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, controlling person, underwriter or other such Holder, or partner, director, officer or controlling person of such other Holder may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any of the following statements: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement or incorporated reference therein, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act (collectively, a "***Holder Violation***"), in each case to the extent (and only to the extent) that such Holder Violation occurs in reliance upon and in conformity with written information furnished by such Holder under an instrument duly executed by such Holder and stated to be specifically for use in connection with such registration; and each such Holder will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, or partner, officer, director or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Holder Violation; *provided*, *however*, that the indemnity agreement contained in this Section 2.8(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; *provided further*, that in no event shall any indemnity under this Section 2.8 exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided*, *however*, that an indemnified party shall have the right to retain its own counsel, with the fees and

expenses thereof to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.8 to the extent, and only to the extent, prejudicial to its ability to defend such action, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.8.

(d) If the indemnification provided for in this Section 2.8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) or Holder Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; *provided*, *that* in no event shall any contribution by a Holder hereunder exceed the net proceeds from the offering received by such Holder.

(e) The obligations of the Company and Holders under this Section 2.8 shall survive completion of any offering of Registrable Securities in a registration statement and, with respect to liability arising from an offering to which this Section 2.8 would apply that is covered by a registration filed before termination of this Agreement, such termination. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

2.9 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a Holder to a transferee or assignee of Registrable Securities (for so long as such shares remain Registrable Securities) that (a) is a subsidiary, parent, general partner, limited partner, retired partner, member or retired member, or stockholder of a Holder that is a corporation, partnership or limited liability company, (b) is a Holder's family member or trust for the benefit of an individual Holder, (c) is an entity affiliated by common control (or other related entity) with such Holder or (d) is a Holder; *provided*, *however*, (i) the transferor shall, within 10 days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned and (ii) such transferee shall agree to be subject to all restrictions set forth in this Agreement.

2.10 Limitation on Subsequent Registration Rights. Other than as provided in Section 5.10, after the date of this Agreement, the Company shall not enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder rights to demand the registration of shares of the Company's capital stock, or to include such shares in a registration statement that would reduce the number of shares includable by the Holders.

2.11 "Market Stand-Off" Agreement. Each Holder hereby agrees that such Holder shall not sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) during the 180-day period following the effective date of the Initial Offering (or such longer period as the underwriter of the Company shall request in order to facilitate compliance with NASD Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation); *provided* that all officers and directors of the Company and all holders of 1.0% or more of the Company's capital stock are bound by and have entered into similar agreements. The obligations described in this Section 2.11 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a transaction on Form S-4 or similar forms that may be promulgated in the future.

2.12 Agreement to Furnish Information. Each Holder agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter that are consistent with the Holder's obligations under Section 2.11 or that are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, each Holder shall provide, within 10 days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in Section 2.11 and this Section 2.12 shall not apply to a Special Registration Statement. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said day period. Each Holder agrees that any transferee of any shares of Registrable Securities shall be bound by Sections 2.11 and 2.12. The underwriters of the Company's stock are intended third party beneficiaries of Sections 2.11 and 2.12 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

2.13 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its best efforts to:

(a) Make and keep public information available, as those terms are understood and defined in SEC Rule 144 or any similar or analogous rule promulgated under the Securities Act, at all times after the effective date of the first registration filed by the Company for an offering of its securities to the general public;

(b) File with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and

(c) So long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of said Rule 144 of the Securities Act, and of the Exchange Act (at any time after it has become subject to such reporting requirements); a copy of the most recent annual or quarterly report of the Company filed with the Commission; and such other reports and documents as a Holder may reasonably request in connection with availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration.

2.14 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2.2, 2.3 or 2.4 hereof shall terminate upon the earlier of: (i) the date five years following the closing of a Qualified IPO; (ii) such time as such Holder holds less than 1% of the Company's outstanding Common Stock (treating all shares of Preferred Stock on an as-if-converted basis), the Company has completed its Initial Offering and all Registrable Securities issuable or issued upon conversion of the Shares held by and issuable to such Holder (and its affiliates) may be sold pursuant to Rule 144 during any 90-day period. Upon such termination, such shares shall cease to be "Registrable Securities" hereunder for all purposes.

SECTION 3. COVENANTS OF THE COMPANY.

3.1 Basic Financial Information and Reporting.

(a) The Company will maintain true books and records of account in which full and correct entries will be made of all its business transactions pursuant to a system of accounting established and administered in accordance with generally accepted accounting principles consistently applied (except as noted therein), and will set aside on its books all such proper accruals and reserves as shall be required under generally accepted accounting principles consistently applied.

(b) So long as an Investor (with its affiliates) owns not less than 1,000,000 Registrable Securities (as adjusted for stock splits and combinations) (a "***Major Investor***"), as soon as practicable after the end of each fiscal year of the Company, and in any event within 180 days thereafter, the Company will furnish each Major Investor a balance sheet of the Company, as at the end of such fiscal year, and a statement of income and a statement of cash flows of the Company, for such year, all prepared in accordance with generally accepted accounting principles consistently applied (except as noted therein) and setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail. Such financial statements shall be accompanied by a report and opinion thereon by independent public accountants selected by the Board.

(c) The Company will furnish each Major Investor, as soon as practicable after the end of the first, second and third quarterly accounting periods in each fiscal year of the Company, and in any event within 45 days thereafter, a balance sheet of the Company as of the end of each such quarterly period, and a statement of income and a statement of cash flows of the

Company for such period and for the current fiscal year to date, prepared in accordance with generally accepted accounting principles consistently applied (except as noted therein), with the exception that no notes need be attached to such statements and year-end audit adjustments may not have been made.

(d) The Company will furnish each Major Investor: (i) at least 30 days prior to the beginning of each fiscal year an annual budget and operating plans for such fiscal year (and as soon as available, any subsequent written revisions thereto); and (ii) as soon as practicable after the end of each fiscal year of the Company, and in any event within 180 days thereafter, a report setting forth a comparison of the prior fiscal year's annual budget with the audited financial statements for the corresponding fiscal year.

3.2 Inspection Rights. Each Major Investor shall have the right to visit and inspect any of the properties of the Company or any of its subsidiaries, and to discuss the affairs, finances and accounts of the Company or any of its subsidiaries with its officers, and to review such information as is reasonably requested all at such reasonable times and as often as may be reasonably requested; *provided*, *however*, that the Company shall not be obligated under this Section 3.2 with respect to a competitor of the Company or with respect to information which the Board determines in good faith is attorney-client privileged and should not, therefore, be disclosed.

3.3 Confidentiality of Records. Each Investor agrees to use the same degree of care as such Investor uses to protect its own confidential information to keep confidential any information furnished to such Investor that the Company identifies as being confidential or proprietary (so long as such information is not in the public domain), except that such Investor may disclose such proprietary or confidential information: (i) to any partner, subsidiary or parent of such Investor as long as such partner, subsidiary or parent is advised of and agrees or has agreed to be bound by the confidentiality provisions of this Section 3.3 or comparable restrictions; (ii) at such time as it enters the public domain through no fault of such Investor; (iii) that is communicated to it free of any obligation of confidentiality; (iv) that is developed by Investor or its agents independently of and without reference to any confidential information communicated by the Company; or (v) as required by applicable law.

3.4 Reservation of Common Stock. The Company will at all times reserve and keep available, solely for issuance and delivery upon the conversion of the Preferred Stock, all Common Stock issuable from time to time upon such conversion.

3.5 Stock Vesting. Unless otherwise approved by the Board, all stock options, restricted stock and other stock equivalents issued after the date of this Agreement to employees shall be subject to vesting as follows: (a) 25% of such stock shall vest at the end of the first year following the earlier of the date of issuance or such employee's services commencement date with the company; and (b) 75% of such stock shall vest monthly over the remaining three years; *provided*, *however*, that the vesting shall be subject to a double trigger acceleration provision in the event of a change in control of the Company and, if any such stock options are subject to early exercise, the Company shall retain a repurchase option at cost (or the lesser of cost or fair market value) with respect to any unvested shares of the Company's Common Stock issued upon early exercise of such stock option. For the avoidance of doubt, the vesting of stock options,

restricted stock and stock equivalents issued to directors, consultants and other service providers of the Company, including any acceleration terms of such vesting, shall be as determined by the Board at the time of grant.

3.6 Director and Officer Insurance. The Company will use its best efforts to obtain and maintain in full force and effect director and officer insurance with available coverage limits of at least $5,000,000 and on terms reasonably acceptable to the Investors.

3.7 Proprietary Information and Inventions Agreement. The Company shall require all employees and consultants to execute and deliver a Proprietary Information and Inventions Agreement substantially in a form approved by the Company's counsel or Board.

3.8 Assignment of Right of First Refusal.

(a) In the event the Company elects not to exercise any right of first refusal or right of first offer the Company may have on a proposed transfer of any of the Company's outstanding capital stock pursuant to the Company's Bylaws, by contract or otherwise, the Company shall assign such right of first refusal or right of first offer to each Major Investor. In the event of such assignment, each Major Investor shall have a right to purchase its *pro rata* portion of the capital stock proposed to be transferred. Each such Major Investor's *pro rata* portion shall be equal to the product obtained by multiplying (i) the aggregate number of shares proposed to be transferred by (ii) a fraction, the numerator of which is the number of shares of Registrable Securities held by such Major Investor at the time of the proposed transfer and the denominator of which is the total number of Registrable Securities owned by all Major Investors at the time of such proposed transfer.

(b) In the event that not all of the Major Investors elect to purchase their *pro rata* portion of the capital stock proposed to be transferred, each such Major Investor that does initially elect to purchase its *pro rata* portion shall also have the right to purchase its *pro rata* portion of the unsubscribed shares. For purposes of this Section 3.8(b), the denominator described in clause (ii) of subsection 3.8(a) above shall be the total number of shares of Registrable Securities owned by all such Major Investors who do initially elect to purchase their *pro rata* portion of the capital stock proposed to be transferred.

(c) The provisions of this Section 3.8 shall not apply to any transfer of stock by a stockholder of the Company that is governed by the provisions of that certain Amended and Restated Right of First Refusal and Co-Sale Agreement of even date herewith, as the same may be amended from time to time, where the provisions of such agreement would be in conflict with the provisions of this Section 3.8.

3.9 Directors' Liability and Indemnification. The Restated Charter and the Company's Bylaws shall provide (a) for elimination of the liability of director to the maximum extent permitted by law and (b) for indemnification of directors for acts on behalf of the Company to the maximum extent permitted by law. In addition, the Company shall enter into and use its best efforts to at all times maintain indemnification agreements reasonably acceptable to Investors with each of its directors to indemnify such directors to the maximum extent permissible under applicable law.

3.10 Qualified Small Business. For so long as any of the Shares are held by an Investor (or a transferee in whose hands such Shares are eligible to qualify as "Qualified Small Business Stock" as defined in Section 1202(c) of the Internal Revenue Code of 1986, as amended (the "***Code***"), the Company will use its reasonable efforts to comply with the reporting and recordkeeping requirements of Section 1202 of the Code, any regulations promulgated thereunder and any similar state laws and regulations.

3.11 Directors' Expenses. The Company shall reimburse members of the Board for reasonable out of pocket expenses (i) associated with Board or Committee meeting attendance and (ii) for conducting other pre-approved Company business in such person's capacity as a director of the Company.

3.12 Board Committee Membership; Establishment of Compensation Committee. The member of the Board designated by Novo A/S ("***Novo***") pursuant to that certain Fourth Amended and Restated Voting Agreement of even date herewith, as the same may be amended from time to time, shall be offered the right to join any existing Board committee or any committee that the Board may constitute at any time in the future.

3.13 Drag Along Liability Limitation. In no event shall the Company enter into any agreement, nor permit any agreement to which the Company is a party to be amended in any manner, pursuant to which Novo, Frazier Healthcare V, L.P. ("***Frazier***") or Alloy Ventures ("***Alloy***") would be compelled to transfer its ownership interest in the Company (whether directly or indirectly by way of merger or otherwise) to any acquirer thereof, unless such agreement expressly provides (and requires to be binding on Novo, Frazier and Alloy) that in no event will any Investor be required to agree to sell, transfer, convey (whether by merger, operation of law or otherwise) its ownership interest in the Company unless the liability of stockholders for indemnification in connection with such transaction, if any, of such Investor in such sale of the Company is several, not joint, is *pro rata* in accordance with such Investor's relative stock ownership of the Company, and will not exceed the consideration paid to such Investor, if any, in such transaction (except in the case of potential liability for fraud or willful misconduct by such Investor).

3.14 Initial Offering. Unless otherwise determined by the Investors holding a majority of the outstanding shares of Series D Preferred, promptly following the Closing (as defined in the Purchase Agreement) the Company shall use its best efforts to consummate an Initial Offering that constitutes a Qualified IPO; *provided, however*, that this Section 3.14 shall only apply to the extent such Initial Offering is approved by the Board and determined to be in the best interests of the Company and the stockholders of the Company.

3.15 FCPA. The Company represents that it shall not (and shall not permit any of its subsidiaries or affiliates or any of its or their respective directors, officers, managers, employees, independent contractors, representatives or agents to) promise, authorize or make any payment to, or otherwise contribute any item of value to, directly or indirectly, to any third party, including any Non-U.S. Official (as (as such term is defined in the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "**FCPA**")), in each case, in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall (and shall cause each of its subsidiaries and affiliates to) cease all

of its or their respective activities, as well as remediate any actions taken by the Company, its subsidiaries or affiliates, or any of their respective directors, officers, managers, employees, independent contractors, representatives or agents in violation of the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. The Company further represents that it shall (and shall cause each of its subsidiaries and affiliates to) maintain systems of internal controls (including, but not limited to, accounting systems, purchasing systems and billing systems) to ensure compliance with the FCPA, the U.K. Bribery Act, or any other applicable anti-bribery or anti-corruption law. Upon request, the Company agrees to provide responsive information and/or certifications concerning its compliance with applicable anti-corruption laws. The Company shall promptly notify each Investor if the Company becomes aware of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to the FCPA or any other anti-corruption law. The Company shall, and shall cause any direct or indirect subsidiary or entity controlled by it, whether now in existence or formed in the future, to comply with the FCPA. The Company shall use its best efforts to cause any direct or indirect subsidiary, whether now in existence or formed in the future, to comply in all material respects with all applicable laws.

3.16 Observation Rights. In the event that any of Alloy, Frazier or Novo is a Major Investor but does not have a representative on the Board, the Company shall allow one representative designated by such Major Investor to attend all meetings of the Board and meetings of committees of the Board in a nonvoting capacity, and in connection therewith, the Company shall give such representatives copies of all notices, minutes, consents and other materials, financial or otherwise, which the Company provides to the Board or committee at the same time it provides such materials to the Board or committee, as the case may be; *provided*, *however*, that the Company reserves the right to exclude such representative from access to any material or meeting or portion thereof if the Company believes upon advice of counsel that such exclusion is reasonably necessary to preserve the attorney-client privilege or to protect confidential proprietary information. Each Major Investor agrees, and any representatives of such Major Investor will agree, to hold in confidence and trust and not use or disclose any confidential information provided to or learned by it in connection with the rights set forth in this Section 3.16. The Company shall not be responsible for reimbursement of any expenses incurred by such representatives in connection with attending meetings of the Board or committees of the Board.

3.17 Pay to Play Provisions. The Company hereby covenants and agrees that the holders of Series D Preferred will not be subject to any pay-to-play or equivalent obligations or provisions with respect to their shares of Series D Preferred.

3.18 Right to Conduct Activities. The Company hereby agrees and acknowledges that each of Alloy, Frazier and Novo is a professional investment fund, and as such invests in numerous portfolio companies, some of which may be deemed competitive with the Company's business (as currently conducted or as currently proposed to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, neither Alloy, nor Frazier nor Novo shall be liable to the Company for any claim arising out of, or based upon, (a) the investment by Alloy, Frazier or Novo, respectively, in any entity competitive with the Company, or (b) actions taken by any partner, officer or other representative of Alloy, Frazier or Novo, as applicable, to assist any such competitive company, whether or not such action was taken as a

member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however that the foregoing shall not relieve (x) Alloy, Frazier or Novo or any party from liability associated with the willful misuse of the Company's confidential information obtained pursuant to Section 3, or (ii) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

3.19 Termination of Covenants. All covenants of the Company contained in Section 3 of this Agreement (other than the provisions of Sections 3.3, 3.6, 3.9, 3.11, 3.13, 3.15 and 3.18) shall expire and terminate as to each Investor upon the earlier of the closing of (i) a Qualified IPO or (ii) an Asset Transfer or Acquisition (each as defined in the Restated Charter).

SECTION 4. RIGHTS OF FIRST REFUSAL.

4.1 Subsequent Offerings. Subject to applicable securities laws, each Major Investor shall have a right of first refusal to purchase its *pro rata* share of all Equity Securities, as defined below, that the Company may, from time to time, propose to sell and issue after the date of this Agreement, other than the Equity Securities excluded by Section 4.7 hereof. Each Major Investor's *pro rata* share is equal to the ratio of (a) the number of shares of the Company's Common Stock (including all shares of Common Stock issuable or issued upon conversion of the Shares or upon the exercise of outstanding warrants or options) of which such Major Investor is deemed to be a holder immediately prior to the issuance of such Equity Securities to (b) the total number of shares of the Company's outstanding Common Stock (including all shares of Common Stock issued or issuable upon conversion of the Shares or upon the exercise of any outstanding warrants or options) immediately prior to the issuance of the Equity Securities. The term "***Equity Securities***" shall mean (i) any Common Stock, Preferred Stock or other security of the Company, (ii) any security convertible into or exercisable or exchangeable for, with or without consideration, any Common Stock, Preferred Stock or other security (including any option to purchase such a convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any Common Stock, Preferred Stock or other security or (iv) any such warrant or right.

4.2 Exercise of Rights. If the Company proposes to issue any Equity Securities, it shall give each Major Investor written notice of its intention, describing the Equity Securities, the price and the terms and conditions upon which the Company proposes to issue the same. Each Major Investor shall have 15 days from the giving of such notice to agree to purchase its *pro rata* share of the Equity Securities for the price and upon the terms and conditions specified in the notice by giving written notice to the Company and stating therein the quantity of Equity Securities to be purchased. Notwithstanding the foregoing, the Company shall not be required to offer or sell such Equity Securities to any Major Investor who would cause the Company to be in violation of applicable federal securities laws by virtue of such offer or sale.

4.3 Issuance of Equity Securities to Other Persons. If not all of the Major Investors elect to purchase their *pro rata* share of the Equity Securities, then the Company shall promptly notify in writing the Major Investors who do so elect and shall offer such Major Investors the right to acquire such unsubscribed shares on a *pro rata* basis. The Major Investors shall have five days after receipt of such notice to notify the Company of its election to purchase

all or a portion thereof of the unsubscribed shares. The Company shall have 90 days thereafter to sell the Equity Securities in respect of which the Major Investor's rights were not exercised, at a price and upon general terms and conditions not materially more favorable to the purchasers thereof than specified in the Company's notice to the Major Investors pursuant to Section 4.2 hereof. If the Company has not sold such Equity Securities within 90 days of the notice provided pursuant to Section 4.2, the Company shall not thereafter issue or sell any Equity Securities, without first offering such securities to the Major Investors in the manner provided above.

4.4 Sale Without Notice. In lieu of giving notice to the Major Investors prior to the issuance of Equity Securities as provided in Section 4.2, the Company may elect to give notice to the Major Investors within 30 days after the issuance of Equity Securities. Such notice shall describe the type, price and terms of the Equity Securities, which shall be the same as were offered in the prior issuance of Equity Securities in respect of which the notice if being given. Each Major Investor shall have 20 days from the date of receipt of such notice to elect to purchase up to the number of shares that would, if purchased by such Major Investor, maintain such Major Investor's *pro rata* share (as set forth in Section 4.1) of the Company's equity securities after giving effect to all such purchases. The closing of such sale shall occur within 60 days of the date of notice to the Major Investors, subject to extension in the event that the Company is unable or unwilling to proceed with such sale.

4.5 Termination and Waiver of Rights of First Refusal. The rights of first refusal established by this Section 4 shall not apply to, and shall terminate upon the earlier of the closing of (i) a Qualified IPO or (ii) an Asset Sale or Acquisition. Notwithstanding Section 5.5 hereof, the rights of first refusal established by this Section 4 may be amended, or any provision waived with and only with the written consent of the Company and the Major Investors holding a majority of the Registrable Securities held by all Major Investors, or as permitted by Section 5.5.

4.6 Assignment of Rights of First Refusal. The rights of first refusal of each Major Investor under this Section 4 may be assigned to the same parties, subject to the same restrictions as any transfer of registration rights pursuant to Section 2.9.

4.7 Excluded Securities. The rights of first refusal established by this Section 4 shall have no application to any of the following Equity Securities:

(a) shares of Common Stock issued upon conversion of the Preferred Stock;

(b) shares of Common Stock and/or options, warrants or other Common Stock purchase rights and the Common Stock issued pursuant to such options, warrants or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like after the date hereof) issued or to be issued after the date hereof to employees, officers or directors of, or consultants or advisors to the Company or any subsidiary pursuant to stock purchase or stock option plans or other arrangements that are approved by the Board;

(c) any Equity Securities issued or issuable pursuant to any rights or agreements, options, warrants or convertible securities outstanding as of the date of this Agreement; and Equity Securities issued pursuant to any such rights or agreements granted after the date of this Agreement, so long as the rights of first refusal established by this Section 4 were

complied with, waived or were inapplicable pursuant to any provision of this Section 4.7 with respect to the initial sale or grant by the Company of such rights or agreements;

(d) any Equity Securities issued for consideration other than cash pursuant to a merger, consolidation, acquisition, strategic alliance or similar business combination approved by the Board;

(e) any Equity Securities issued in connection with any stock split, stock dividend or recapitalization by the Company;

(f) any Equity Securities issued pursuant to any equipment loan or leasing arrangement, real property leasing arrangement or debt financing from a bank or similar financial or lending institution approved by the Board;

(g) any Equity Securities issued to third-party service providers in exchange for or as partial consideration for services rendered to the Company;

(h) any Equity Securities issued in connection with the Initial Offering;

(i) any Equity Securities issued in connection with strategic transactions involving the Company and other entities, including, without limitation, (i) joint ventures, manufacturing, marketing or distribution arrangements or (ii) technology transfer or development arrangements; *provided* that the issuance of shares therein has been approved by the Board;

(j) any Equity Securities issued pursuant to the Purchase Agreement; or

(k) any Equity Securities that the holders of at least a majority of the then-outstanding Registrable Securities agree shall not be subject to the rights of first refusal set forth in this Section 4.

provided, *however*, that the total number of shares excluded from the rights of first refusal established by this Section 4 pursuant to subsections (d), (f), (g) and (i) above shall not exceed 3,000,000 shares in the aggregate (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like after the date hereof).

SECTION 5. MISCELLANEOUS.

5.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California in all respects as such laws are applied to agreements among California residents entered into and to be performed entirely within California, without reference to conflicts of laws or principles thereof. The parties agree that any action brought by either party under or in relation to this Agreement, including without limitation to interpret or enforce any provision of this Agreement, shall be brought in, and each party agrees to and does hereby submit to the jurisdiction and venue of, any state or federal court located in the County of San Diego, California.

5.2 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, assigns, heirs, executors, and administrators and shall inure to the benefit of and be enforceable by each person who shall be a holder of Registrable Securities from time to time; *provided*, *however*, that prior to the receipt by the Company of adequate written notice of the transfer of any Registrable Securities specifying the full name and address of the transferee, the Company may deem and treat the person listed as the holder of such shares in its records as the absolute owner and holder of such shares for all purposes, including the payment of dividends or any redemption price.

5.3 Entire Agreement. This Agreement, the Exhibits and Schedules hereto, the Purchase Agreement and the other documents delivered pursuant thereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof.

5.4 Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

5.5 Amendment, Termination or Waiver.

(a) Except as otherwise expressly provided, this Agreement may be amended, modified or terminated, and the obligations of the Company and the rights of the Holders under this Agreement may be waived, only upon the written consent of the Company and the holders of at least a majority of the then-outstanding Registrable Securities.

(b) For the purposes of determining the number of Holders or Investors entitled to vote or exercise any rights hereunder, the Company shall be entitled to rely solely on the list of record holders of its stock as maintained by or on behalf of the Company.

(c) Notwithstanding the foregoing, (1) Sections 5.5(a), (b) and (c), 3.13, 3.16 and 3.18 may not be amended without (i) compliance with Sections 5.5(a) and (b) and (ii) for so long as such party is a Holder, the express written consent of each of Novo, Frazier and Alloy, (2) Section 3.12 cannot be amended without (i) compliance with Sections 5.5(a) and (b) and (ii) the express consent of Novo, and (3) Section 3.17 cannot be amended without (i) compliance with Sections 5.5(a) and (b) and (ii) the express consent of the holders of at least a majority of the then-outstanding shares of Series D Preferred.

(d) Notwithstanding the foregoing, this Agreement may not be amended, modified or terminated, and the observance of any term hereunder may not be waived with respect to any Holder without the written consent of such Holder if such amendment, modification, termination or waiver adversely effects such Holder in a manner that is different than and disproportionate to the effect of such amendment, modification termination or waiver on the rights of all Holders hereunder.

5.6 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any party, upon any breach, default or noncompliance by another

party under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on any party's part of any breach, default or noncompliance under the Agreement or any waiver on such party's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or otherwise afforded to any party, shall be cumulative and not alternative.

5.7 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the party to be notified at the address as set forth on the signature pages hereof or **Exhibit A** hereto or at such other address or electronic mail address as such party may designate by 10 days advance written notice to the other parties hereto; provided, however, that if the notice being provided under this Section 5.7 is to an address outside the United States, such notice shall be set using the methods specified in (b) and (d) above.

5.8 Attorneys' Fees. In the event that any suit or action is instituted under or in relation to this Agreement, including without limitation to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

5.9 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

5.10 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company shall issue Equity Securities in accordance with Section 4.7(d), (f), (g), (i) or (j) of this Agreement, any purchaser of such Equity Securities may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and shall be deemed a "***Holder***" hereunder; *provided*, *however*, that except for issuances under Section 4.7(j) of this Agreement, such purchaser shall not be deemed a "***Holder***" under Sections 2.3 and 2.4 hereof without the written consent of the holders of at least a majority of the then-outstanding Registrable Securities.

5.11 Counterparts; Facsimile and PDF Signatures. 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 and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

5.12 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities or persons or persons or entities under common management or control shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

5.13 Pronouns. All pronouns contained herein, and any variations thereof, shall be deemed to refer to the masculine, feminine or neutral, singular or plural, as to the identity of the parties hereto may require.

5.14 Term. This Agreement shall terminate and be of no further force or effect upon the earlier of (i) the closing of an Asset Transfer or Acquisition, (ii) the date five years following the closing of a Qualified IPO, or (ii) the date as of which this Agreement is terminated in accordance with Section 5.5 above; *provided*, *however*, that Sections 3.3, 3.6, 3.9, 3.11, 3.13, 3.15 and 3.18 shall survive such termination.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

COMPANY:

ANAPTYSBIO, INC.

By: /s/ Hamza Suria
Name: Hamza Suria
Title: President & CEO
Address: 10421 Pacific Center Court, Suite 200
San Diego, CA 92121

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

NOVO A/S

Signature: /s/ Jack B. Nielsen

Print Name: Jack B. Nielsen

Title: Partner

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

FRAZIER HEALTHCARE V, LP

By FHM V, LP, its general partner
By FHM V, LLC, its general partner

By: /s/ James Topper
James Topper, Authorized Representative

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

FRAZIER HEALTHCARE VII, L.P.

By: /s/ James Topper
James Topper, Authorized Representative

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

FRAZIER HEALTHCARE VII-A, L.P.

By: /s/ James Topper
James Topper, Authorized Representative

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

ALLOY VENTURES 2005, L.P.

By **Alloy Ventures 2005, LLC,**
its General Partner

By: /s/ Craig C. Taylor

Name: Craig C. Taylor

Title: Managing Member of Alloy Ventures 2005, LLC, the General Partner of Alloy Ventures 2005, L.P.

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

/s/ Nicholas B. Lydon

NICHOLAS LYDON

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

/s/ Hamza Suria

HAMZA SURIA

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

/s/ Carol Gallagher

CAROL GALLAGHER

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

/s/ Stephen Turkowiak
Steve Turkowiak

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

/s/ Robert Hoffman
Robert Hoffman

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

BMV DIRECT II LP

Signature: /s/ Brian Wolfe

Print Name: Brian Wolfe

Title: Vice President

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

BIOTECHNOLOGY VALUE FUND, L.P.

By: BVF Partners L.P., General Partner
By: BVF, Inc. General Partner

By: /s/ Mark Lampert
Name: Mark Lampert
Title: President

BIOTECHNOLOGY VALUE FUND II, L.P.

By: BVF Partners L.P., General Partner
By: BVF, Inc. General Partner

By: /s/ Mark Lampert
Name: Mark Lampert
Title: President

INVESTMENT 10, L.L.C.

By: BVF Partners L.P., Attorney-in-fact
By: BVF, Inc. General Partner

By: /s/ Mark Lampert
Name: Mark Lampert
Title: President

MSI BVF SPV, L.L.C.

By: BVF Partners L.P., Attorney-in-fact
By: BVF, Inc. General Partner

By: /s/ Mark Lampert
Name: Mark Lampert
Title: President

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

LONGWOOD VENTURES, L.P.

Signature: /s/ Manfred Yu

Print Name: Manfred Yu

Title: Chief Operation Officer of Longwood Capital Partners, LLC, its general partner

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

CORMORANT GLOBAL HEALTHCARE MASTER FUND, L.P.

Signature: /s/ Bihua Chen

Print Name: Bihua Chen

Title: CEO/CIO

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

BIOBRIT LLC

Signature: /s/ Daniel M. Bradbury

Print Name: Daniel M. Bradbury

Title: Managing Member

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

J. PAUL GETTY TRUST

Signature: /s/ James M. Williams

Print Name: James M. Williams

Title: Chief Investment Officer + V.P.

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

/s/ Marco Londei
Marco Londei

IN WITNESS WHEREOF, the parties hereto have executed this **FOURTH AMENDED AND RESTATED INVESTOR RIGHTS AGREEMENT** as of the date set forth in the first paragraph hereof.

INVESTOR:

HBM HEALTHCARE INVESTMENTS (CAYMAN) LTD.

Signature: /s/ Jean-Marc LeSieur

Print Name: Jean-Marc LeSieur

Title: Managing Director

EXHIBIT A

INVESTORS

NAME AND ADDRESS

AFOS, LLC

Alloy Ventures 2005, L.P.

Avalon Ventures VII, L.P.

CFO Connect, LLC

Rhonda Frank

Frazier Healthcare V, L.P.

Frazier Healthcare VII, L.P.

Frazier Healthcare VII-A, L.P.

Carol Gallagher

GC&H Investments, LLC

R. Scott Greer

NAME AND ADDRESS

Guise Management Corporation

Nick Lydon
c/o Granite Biopharma LLC

John Macomber

Michael Neuberger

Novo A/S

Numenor Ventures, LLC

Michael O'Donnell
c/o Wilson Sonsini Goodrich & Rosati

Maria Grazia Roncarolo

Square 1 Bank

Mary Ann Stretch
c/o Wilson Sonsini Goodrich & Rosati

Hamza Suria

NAME AND ADDRESS

Geoff Tomlinson

WS Investment Company (2007A), LLC

WS Investment Company (2007C), LLC

BMV Direct II LP

BioBrit LLC

Marco Londei

Steve Turkowiak

Robert Hoffman

Biotechnology Value Fund, L.P.

Biotechnology Value Fund II, L.P.

Investment 10, L.L.C.

MSI BVP SPV, L.L.C.

J. Paul Getty Trust

NAME AND ADDRESS

HBM Healthcare Investments (Cayman) Ltd.

Longwood Ventures, LP
c/o Longwood Capital Partners, LLC

Cormorant Global Healthcare Master Fund, L.P.

Exhibit 10.1

INDEMNITY AGREEMENT

This Indemnity Agreement, dated as of _____, 2015 is made by and between AnaptysBio, Inc., a Delaware corporation (the "**Company**"), and _____, a director, officer or key employee of the Company or one of the Company's subsidiaries or other service provider who satisfies the definition of Indemnifiable Person set forth below ("**Indemnitee**").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as representatives of corporations unless they are protected by comprehensive liability insurance and indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no relationship to the compensation of such representatives;

B. The members of the Board of Directors of the Company (the "**Board**") have concluded that to retain and attract talented and experienced individuals to serve as representatives of the Company and its Subsidiaries and Affiliates and to encourage such individuals to take the business risks necessary for the success of the Company and its Subsidiaries and Affiliates, it is necessary for the Company to contractually indemnify certain of its representatives and the representatives of its Subsidiaries and Affiliates, and to assume for itself maximum liability for Expenses and Other Liabilities in connection with claims against such representatives in connection with their service to the Company and its Subsidiaries and Affiliates;

C. Section 145 of the Delaware General Corporation Law ("**Section 145**"), empowers the Company to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations, partnerships, joint ventures, trusts or other enterprises, and expressly provides that the indemnification provided thereby is not exclusive; and

D. The Company desires and has requested Indemnitee to serve or continue to serve as a representative of the Company and/or the Subsidiaries or Affiliates of the Company free from undue concern about inappropriate claims for damages arising out of or related to such services to the Company and/or the Subsidiaries or Affiliates of the Company.

AGREEMENT

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Affiliate. For purposes of this Agreement, "Affiliate" of the Company means any corporation, partnership, limited liability company, joint venture, trust or other

enterprise in respect of which Indemnitee is or was or will be serving as a director, officer, trustee, manager, member, partner, employee, agent, attorney, consultant, member of the entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise), fiduciary, or in any other similar capacity at the request, election or direction of the Company, and including, but not limited to, any employee benefit plan of the Company or a Subsidiary or Affiliate of the Company.

(b) Change in Control. For purposes of this Agreement, "Change in Control" means (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than a Subsidiary or a trustee or other fiduciary holding securities under an employee benefit plan of the Company or Subsidiary, is or becomes the "Beneficial Owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 30% or more of the total voting power represented by the Company's then outstanding capital stock, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the outstanding capital stock of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into capital stock of the surviving entity) at least 70% of the total voting power represented by the capital stock of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company (in one transaction or a series of transactions) of all or substantially all of the Company's assets.

(c) Expenses. For purposes of this Agreement, "Expenses" means all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements, and other out-of-pocket costs), paid or incurred by Indemnitee in connection with either the investigation, defense or appeal of, or being a witness in, a Proceeding (as defined below), or establishing or enforcing a right to indemnification under this Agreement, Section 145 or otherwise; provided, however, that Expenses shall not include any judgments, fines, excise taxes or penalties in respect of the Employee Retirement Income Security Act ("**ERISA**") or amounts paid in settlement of a Proceeding.

(d) Exchange Act. For purposes of this Agreement, "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(e) Indemnifiable Event. For purposes of this Agreement, "Indemnifiable Event" means any event or occurrence related to Indemnitee's service for the Company or any Subsidiary or Affiliate as an Indemnifiable Person (as defined below), or by reason of anything done or not done, or any act or omission, by Indemnitee in any such capacity.

(f) Indemnifiable Person. For the purposes of this Agreement, "Indemnifiable Person" means any person who is or was a director, officer, trustee, manager, member, partner,

employee, attorney, consultant, member of an entity's governing body (whether constituted as a board of directors, board of managers, general partner or otherwise) or other agent or fiduciary of the Company or a Subsidiary or Affiliate of the Company.

(g) Independent Counsel. For purposes of this Agreement, "Independent Counsel" means legal counsel that has not performed services for the Company or Indemnitee in the five years preceding the time in question and that would not, under applicable standards of professional conduct, have a conflict of interest in representing either the Company or Indemnitee.

(h) Other Liabilities. For purposes of this Agreement, "Other Liabilities" means any and all liabilities of any type whatsoever (including, but not limited to, judgments, fines, penalties, ERISA (or other benefit plan related) excise taxes or penalties, and amounts paid in settlement and all interest, taxes, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, ERISA (or other benefit plan related) excise taxes or penalties, or amounts paid in settlement).

(i) Proceeding. For the purposes of this Agreement, "Proceeding" means any threatened, pending, or completed action, suit or other proceeding, whether civil, criminal, administrative, investigative, legislative or any other type whatsoever, preliminary, informal or formal, including any arbitration or other alternative dispute resolution and including any appeal of any of the foregoing.

(j) Subsidiary. For purposes of this Agreement, "Subsidiary" means any entity of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company.

2. Agreement to Serve. The Indemnitee agrees to serve and/or continue to serve as an Indemnifiable Person in the capacity or capacities in which Indemnitee currently serves the Company as an Indemnifiable Person, and any additional capacity in which Indemnitee may agree to serve, until such time as Indemnitee's service in a particular capacity shall end according to the terms of an agreement, the Company's Certificate of Incorporation or Bylaws, governing law, or otherwise. Nothing contained in this Agreement is intended to create any right to continued employment or other form of service for the Company or a Subsidiary or Affiliate of the Company by Indemnitee.

3. Mandatory Indemnification.

(a) Agreement to Indemnify. In the event Indemnitee is a person who was or is a party to or witness in or is threatened to be made a party to or witness in any Proceeding by reason of an Indemnifiable Event, the Company shall indemnify Indemnitee from and against any and all Expenses and Other Liabilities incurred by Indemnitee in connection with (including in preparation for) such Proceeding to the fullest extent not prohibited by the provisions of the Delaware General Corporation Law ("**DGCL**"), as the same may be amended from time to time (but only to the extent that such amendment permits the Company to provide broader indemnification rights than the DGCL permitted prior to the adoption of such amendment).

(b) Exception for Amounts Covered by Insurance and Other Sources. Notwithstanding the foregoing, the Company shall not be obligated to indemnify Indemnitee for Expenses or Other Liabilities of any type whatsoever (including, but not limited to judgments, fines, penalties, ERISA excise taxes or penalties and amounts paid in settlement) to the extent such have been paid directly to Indemnitee (or paid directly to a third party on Indemnitee's behalf) by any directors and officers, or other type, of insurance maintained by the Company. Further, **[except as provided in Section 3(c),]** the Company shall not be obligated to indemnify Indemnitee for Expenses or Other Liabilities of any type whatsoever (including, but not limited to judgments, fines, penalties, ERISA excise taxes or penalties and amounts paid in settlement) to the extent such have been paid directly to Indemnitee (or paid directly to a third party on Indemnitee's behalf) pursuant to any indemnification arrangement for the benefit of Indemnitee provided by any third party; provided however that this provision shall not limit any such third party's equitable rights to contribution or indemnification from the Company with respect to amounts so paid by the third party.

(c) **[WHERE SUCH DIRECTOR IS AFFILIATED WITH A VENTURE FUND OR SIMILAR SPONSORING ORGANIZATION]** [Company Obligations Primary. The Company hereby acknowledges that Indemnitee has or may from time to time obtain certain rights to indemnification for or advancement of Expenses and Other Liabilities and/or insurance provided by [name of VC or other sponsoring organization] ("**Other Indemnitor**"). The Company agrees with Indemnitee that the Company is the indemnitor of first resort of Indemnitee with respect to matters for which indemnification is provided under this Agreement (i.e., its obligations to Indemnitee are primary and any obligation of the Other Indemnitor to advance of expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary) and that the Company will be obligated to make all payments due to or for the benefit of Indemnitee under this Agreement without regard to any rights that Indemnitee may have against the Other Indemnitor. The Company hereby waives any equitable rights to contribution or indemnification from the Other Indemnitor in respect of any amounts paid to Indemnitee hereunder. The Company further agrees that no reimbursement of Other Liabilities or payment of Expenses by the Other Indemnitor to or for the benefit of Indemnitee shall affect the obligations of the Company hereunder, and that the Company shall be obligated to repay the Other Indemnitor for all amounts so paid or reimbursed to the extent that the Company has an obligation to indemnify Indemnitee for such Expenses or Other Liabilities hereunder. In the event that the Company provides any such repayment to the Other Indemnitor, the Company shall not be obligated to reimburse the Indemnitee for any Expenses or Other Liabilities related to such repayments. The Company will not assert that the Indemnitee must seek expense advancement or reimbursement, or indemnification, from the Other Indemnitor before the Company must perform its expense advancement and reimbursement, and indemnification obligations, under this Agreement. No advancement or payment by the Other Indemnitor on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing. The Other Indemnitor shall be subrogated to the extent of such advancement or payment to all of the rights of recovery which Indemnitee would have had against the Company if the Other Indemnitor had not advanced or paid any amount to or on behalf of Indemnitee. If for any reason a court of competent jurisdiction determines that the Other Indemnitor is not entitled to the subrogation rights described in the preceding sentence, the Other Indemnitor shall have the right of contribution by

the Company to the Other Indemnitor with respect to any advance or payment by the Other Indemnitor to or on behalf of the Indemnitee.]

4. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Other Liabilities but not entitled, however, to indemnification for the total amount of such Expenses or Other Liabilities, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which indemnification is prohibited by the provisions of the DGCL. In any review or Proceeding to determine the extent of indemnification, the Company shall bear the burden to establish, by clear and convincing evidence, the lack of a successful resolution of a particular claim, issue or matter and which amounts sought in indemnity are allocable to claims, issues or matters which were not successfully resolved.

5. Liability Insurance. So long as Indemnitee shall continue to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and thereafter so long as Indemnitee shall be subject to any possible claim or threatened, pending or completed Proceeding as a result of an Indemnifiable Event, the Company shall use reasonable efforts to maintain in full force and effect for the benefit of Indemnitee as an insured (i) liability insurance issued by one or more reputable insurers and having the policy amount and deductible deemed appropriate by the Board and providing in all respects coverage at least comparable to and in the same amount as that provided to the Chairman of the Board or the Chief Executive Officer of the Company and (ii) any replacement or substitute policies issued by one or more reputable insurers providing in all respects coverage at least comparable to and in the same amount as that being provided to the Chairman of the Board or the Chief Executive Officer of the Company. The purchase, establishment and maintenance of any such insurance or other arrangements shall not in any way limit or affect the rights and obligations of the Company or of Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such insurance or other arrangement.

6. Mandatory Advancement of Expenses. If requested by Indemnitee, the Company shall advance prior to the final disposition of the Proceeding all Expenses reasonably incurred by Indemnitee in connection with (including in preparation for) a Proceeding related to an Indemnifiable Event. Indemnitee hereby undertakes to repay such amounts advanced if, and only if and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the Company's Bylaws or the DGCL; it being understood that if Indemnitee is entitled to be indemnified by the Company under any of this Agreement, the Company's Bylaws or the DGCL, Indemnitee shall not be required to repay such amounts advanced to the extent they relate to such matter(s) for which Indemnitee is entitled to such indemnification. The advances to be made hereunder shall be paid by the Company to Indemnitee or directly to a third party designated by Indemnitee within thirty (30) days following delivery of a written request therefor by Indemnitee to the Company. Indemnitee's undertaking to repay any Expenses advanced to Indemnitee hereunder shall be unsecured and shall not be subject to the accrual or payment of any interest thereon.

7. Notice and Other Indemnification Procedures.

(a) Notification. Promptly after receipt by Indemnitee of notice of the commencement of or the threat of commencement of any Proceeding, Indemnitee shall, if Indemnitee believes that indemnification or advancement of Expenses with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof. However, a failure so to notify the Company promptly following Indemnitee's receipt of such notice shall not relieve the Company from any liability that it may have to Indemnitee except to the extent that the Company is materially prejudiced in its defense of such Proceeding as a result of such failure.

(b) Insurance and Other Matters. If, at the time of the receipt of a notice of the commencement of a Proceeding pursuant to Section 7(a) above, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the issuers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such insurance policies.

(c) Assumption of Defense. In the event the Company shall be obligated to advance the Expenses for any Proceeding against Indemnitee, the Company, if deemed appropriate by the Company, shall be entitled to assume the defense of such Proceeding as provided herein. Such defense by the Company may include the representation of two or more parties by one attorney or law firm as permitted under the ethical rules and legal requirements related to joint representations. Following delivery of written notice to Indemnitee of the Company's election to assume the defense of such Proceeding, the approval by Indemnitee (which approval shall not be unreasonably withheld, conditioned or delayed) of counsel designated by the Company and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees and expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. If (i) the employment of counsel by Indemnitee has been previously authorized by the Company, (ii) Indemnitee shall have notified the Board in writing that Indemnitee has reasonably concluded that there is likely to be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (iii) the Company fails to employ counsel to assume the defense of such Proceeding, the fees and expenses of Indemnitee's counsel shall be subject to indemnification and/or advancement pursuant to the terms of this Agreement. Nothing herein shall prevent Indemnitee from employing counsel for any such Proceeding at Indemnitee's expense.

(d) Settlement. The Company shall not be liable to indemnify Indemnitee under this Agreement or otherwise for any amounts paid in settlement of any Proceeding effected without the Company's written consent; provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of Indemnitee for amounts paid in settlement if the Independent Counsel (selected in accordance with Section 8(c) below) has approved the settlement. Neither the Company nor any Subsidiary or Affiliate shall enter into a settlement of any Proceeding that might result in the imposition of any Expense, Other Liability, penalty, limitation or detriment on Indemnitee, whether indemnifiable under this Agreement or otherwise, without Indemnitee's written consent, unless such settlement is purely monetary, fully releases Indemnitee of all liability associated with such Proceeding and has been consented to by the Independent Directors. Neither the Company nor Indemnitee shall unreasonably withhold

consent from any settlement of any Proceeding. The Company shall not, on its own behalf, settle any part of any Proceeding to which Indemnitee is party with respect to other parties (including the Company) without the written consent of Indemnitee if any portion of such settlement is to be funded from insurance proceeds from insurance policies as to which Indemnitee is an insured party unless approved by either (i) the written consent of Indemnitee or (ii) a majority of the Independent Directors; provided, however, that the right to constrain the Company's use of corporate insurance as described in this section shall terminate at the time the Company concludes (per the terms of this Agreement) that (x) Indemnitee is not entitled to indemnification pursuant to this Agreement, or (y) such indemnification obligation to Indemnitee has been fully discharged by the Company.

8. Determination of Right to Indemnification.

(a) Success on the Merits or Otherwise. To the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding referred to in Section 3(a) above or in the defense of any claim, issue or matter described therein, the Company shall indemnify Indemnitee against Expenses actually and reasonably incurred in connection therewith.

(b) Indemnification in Other Situations. In the event that Section 8(a) is inapplicable, the Company shall also indemnify Indemnitee if Indemnitee has not failed to meet the applicable standard of conduct for indemnification, as determined by the process set forth in Sections 8(c) and 8(d) below.

(c) Forum. Indemnitee shall be entitled to select the forum in which determination of whether or not Indemnitee has met the applicable standard of conduct shall be decided, and such election will be made from among the following:

(1) Those members of the Board who are Independent Directors even though less than a quorum;

(2) A committee of Independent Directors designated by a majority vote of Independent Directors, even though less than a quorum; or

(3) Independent Counsel selected by Indemnitee and approved by the Board, which approval may not be unreasonably withheld, conditioned or delayed, which counsel shall make such determination in a written opinion.

If Indemnitee is an officer or a director of the Company at the time that Indemnitee is selecting the forum, then Indemnitee shall not select Independent Counsel as such forum unless there are no Independent Directors or unless the Independent Directors agree to the selection of Independent Counsel as the forum.

The selected forum shall be referred to herein as the "Reviewing Party". Notwithstanding the foregoing, following any Change in Control, the Reviewing Party shall be Independent Counsel selected in the manner provided in (3) above.

(d) Decision Timing and Expenses. As soon as practicable, and in no event later than thirty (30) days after receipt by the Company of written notice of Indemnitee's choice

of forum pursuant to Section 8(c) above, the Company and Indemnitee shall each submit to the Reviewing Party such information as they believe is appropriate for the Reviewing Party to consider. The Reviewing Party shall arrive at its decision within a reasonable period of time following the receipt of all such information from the Company and Indemnitee, but in no event later than thirty (30) days following the receipt of all such information, provided that the time by which the Reviewing Party must reach a decision may be extended by mutual agreement of the Company and Indemnitee. All Expenses associated with the process set forth in this Section 8(d), including but not limited to the Expenses of the Reviewing Party, shall be paid by the Company.

(e) Delaware Court of Chancery. Notwithstanding a final determination by any Reviewing Party that Indemnitee is not entitled to indemnification with respect to a specific Proceeding, Indemnitee shall have the right to apply to the Court of Chancery, for the purpose of enforcing Indemnitee's right to indemnification pursuant to this Agreement; it being understood that the Court of Chancery shall be the exclusive forum for enforcing Indemnitee's right to indemnification pursuant to this Agreement following the determination by the Reviewing Party.

(f) Expenses. The Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any hearing or Proceeding under this Section 8 involving Indemnitee and against all Expenses and Other Liabilities incurred by Indemnitee in connection with any other Proceeding between the Company and Indemnitee involving the interpretation or enforcement of the rights of Indemnitee under this Agreement unless a court of competent jurisdiction finds that each of the material claims of Indemnitee in any such Proceeding was frivolous or made in bad faith.

(g) Determination of "Good Faith". For purposes of any determination of whether Indemnitee acted in "good faith," Indemnitee shall be deemed to have acted in good faith if in taking or failing to take the action in question Indemnitee relied on the records or books of account of the Company or a Subsidiary or Affiliate, including financial statements, or on information, opinions, reports or statements provided to Indemnitee by the officers or other employees of the Company or a Subsidiary or Affiliate in the course of their duties, or on the advice of legal counsel for the Company or a Subsidiary or Affiliate, or on information or records given or reports made to the Company or a Subsidiary or Affiliate by an independent certified public accountant or by an appraiser or other expert selected by the Company or a Subsidiary or Affiliate, or by any other person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company or a Subsidiary or Affiliate. In connection with any determination as to whether Indemnitee is entitled to be indemnified hereunder, or to advancement of expenses, the Reviewing Party or court shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be on the Company to establish, by clear and convincing evidence, that Indemnitee is not so entitled. The provisions of this Section 8(g) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failures to act, of any other person serving the Company or a Subsidiary or Affiliate as an

Indemnifiable Person shall not be imputed to Indemnitee for purposes of determining the right to indemnification hereunder.

9. Exceptions. Any other provision herein to the contrary notwithstanding,

(a) Claims Initiated by Indemnitee. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance Expenses to Indemnitee with respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except (i) with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement, any other statute or law, as permitted under Section 145, or otherwise, (ii) where the Board has consented to the initiation of such Proceeding, or (iii) with respect to Proceedings brought to discharge Indemnitee's fiduciary responsibilities, whether under ERISA or otherwise, but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board finds it to be appropriate; provided that these exceptions shall not apply to Proceedings in which Indemnitee is engaged in conduct protected by any whistleblower statute, the up-the-ladder provisions of Section 307 of the Sarbanes-Oxley Act of 2002 (the "***Sarbanes-Oxley Act***"), or any similar provision of any applicable federal, state or foreign securities law; or

(b) Section 16(b) Actions. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of any suit in which judgment is rendered against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of l934 (the "***Exchange Act***") and amendments thereto or similar provisions of any federal, state or local statutory law; or

(c) Exchange Act Reimbursement. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act or Section 954 of the Dodd Frank Wall Street Reform and Consumer Protection Act ("***Dodd Frank Act***"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(d) Unlawful Indemnification. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee for Other Liabilities if such indemnification is prohibited by law, if so established by a non-appealable judgment or other final non-appealable adjudication adverse to Indemnitee.

Notwithstanding any of the foregoing, (i) Indemnitee is entitled to receive advancement of Expenses for the defense of any Proceeding referenced in subsections (b) or (c) above; and (ii) if Indemnitee is required to make a payment in a Proceeding described in subsection (c), and no court in any such Proceeding has found that Indemnitee personally engaged in acts or omissions outside the scope of indemnification, Indemnitee shall not be required to repay such advancement of Expenses.

10. Non-exclusivity. The provisions for indemnification and advancement of Expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements, or otherwise, both as to acts or omissions in his or her official capacity and to acts or omissions in another capacity while serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and Indemnitee's rights hereunder shall continue after Indemnitee has ceased serving the Company or a Subsidiary or Affiliate as an Indemnifiable Person and shall inure to the benefit of the heirs, executors and administrators of Indemnitee.

11. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of the Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

12. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) and except as expressly provided herein, no such waiver shall constitute a continuing waiver.

13. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. In the event of a Change in Control, the Company shall maintain in force any and all directors' and officers' liability insurance policies and fiduciary liability insurance policies then maintained by the Company in a manner that will continue to provide coverage to the individual insureds under these policies for a period of six years after such Change of Control.

14. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and a receipt is provided by the party to whom such communication is delivered, (ii) if mailed by certified or registered mail with postage prepaid, return receipt requested, on the signing by the recipient of an acknowledgement of receipt form accompanying delivery through the U.S. mail, (iii) personal service by a process server, or (iv) delivery to the recipient's address by overnight delivery (e.g.,

FedEx, UPS or DHL) or other commercial delivery service. Addresses for notice to either party are as shown on the signature page of this Agreement, or as subsequently modified by written notice complying with the provisions of this Section 14. Delivery of communications to the Company with respect to this Agreement shall be sent to the attention of the Company's General Counsel.

15. No Presumptions. For purposes of this Agreement, the termination of any Proceeding, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise. In addition, neither the failure of the Company or a Reviewing Party to have made a determination as to whether Indemnitee has met any particular standard of conduct or had any particular belief, nor an actual determination by the Company or a Reviewing Party that Indemnitee has not met such standard of conduct or did not have such belief, prior to the commencement of Proceedings by Indemnitee to secure a judicial determination by exercising Indemnitee's rights under Section 8(e) of this Agreement shall be a defense to Indemnitee's claim or create a presumption that Indemnitee has failed to meet any particular standard of conduct or did not have any particular belief or is not entitled to indemnification under applicable law or otherwise. Additionally, any admission of liability by the Company in connection with any settlement by the Company with a regulatory agency shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise. Moreover, the conviction of or plea of guilty or nolo contendere (or its equivalent) by Indemnitee in a jurisdiction outside the United States and its territories, shall not, of itself, create a presumption that Indemnitee did not meet any particular standard of conduct or have any particular belief or that a court has determined that indemnification is not permitted by applicable law or otherwise, unless the underlying act or omission relating to such conviction or plea would be deemed a criminal offense within the United States and its territories or any subdivision thereof having jurisdiction over Indemnitee.

16. Survival of Rights. The rights conferred on Indemnitee by this Agreement shall continue after Indemnitee has ceased to serve the Company or a Subsidiary or Affiliate of the Company as an Indemnifiable Person and shall inure to the benefit of Indemnitee's heirs, executors and administrators.

17. Subrogation and Contribution.

(a) **[Except as provided in Section 3(c),]** in the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(b) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount

incurred by or on behalf of Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

18. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute Proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

19. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

20. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

21. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely with Delaware.

22. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any Proceeding which arises out of or relates to this Agreement.

23. Effective Date. This Agreement shall become effective on the closing date of the Company’s initial public offering pursuant to a Registration Statement on Form S-1 (the “Effective Date”).

24. Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement and understanding of the parties with respect to the subject matter of this Agreement, and, upon the Effective Date, this Agreement and the documents referred to herein supersede any and all prior understandings and agreements, whether oral or written, between or among the parties hereto with respect to the specific subject matter hereof.

The parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

ANAPTYSBIO, INC.

By: _____

Its: _____

INDEMNITEE:

_____

Address: _____

_____

ANAPTYS BIOSCIENCES, INC.

2006 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD: APRIL 24, 2006
APPROVED BY THE STOCKHOLDERS: MAY 26, 2006
AMENDED BY THE BOARD: MARCH 19, 2007
APPROVED BY THE STOCKHOLDERS: MAY 18, 2007
AMENDED BY THE BOARD: JUNE 28, 2007
APPROVED BY THE STOCKHOLDERS: JUNE 28, 2007
AMENDED BY THE BOARD: JULY 11, 2014
APPROVED BY THE STOCKHOLDERS: APRIL 29, 2015
AMENDED BY THE BOARD: JULY 9, 2015
APPROVED BY THE STOCKHOLDERS: JULY 9, 2015
TERMINATION DATE: APRIL 24, 2016

1. GENERAL.

(a) Eligible Stock Award Recipients. The persons eligible to receive Stock Awards are Employees, Directors, and Consultants.

(b) Available Stock Awards. The Plan provides for the grant of the following Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Restricted Stock Awards, and (iv) Stock Appreciation Rights.

(c) Purpose. The Company, by means of the Plan, seeks to secure and retain the services of the group of persons eligible to receive Stock Awards as set forth in Section 1(a), to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Stock Awards.

2. DEFINITIONS.

As used in the Plan, the following definitions shall apply to the capitalized terms indicated below:

(a) "***Affiliate***" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Board shall have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(b) "***Board***" means the Board of Directors of the Company.

(c) "***Capitalization Adjustment***" has the meaning ascribed to that term in Section 10(a).

(d) "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (B) solely because the level of Ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; or

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition.

The term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company.

Notwithstanding the foregoing or any other provision of this Plan, the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(e) "***Code***" means the Internal Revenue Code of 1986, as amended.

(f) "***Committee***" means a committee of one or more Directors to whom authority has been delegated by the Board in accordance with Section 3(c).

(g) "***Common Stock***" means the common stock of the Company.

(h) "***Company***" means Anaptys Biosciences, Inc., a Delaware corporation.

(i) "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the Board of Directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, shall not cause a Director to be considered a "Consultant" for purposes of the Plan.

(j) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, shall not terminate a Participant's Continuous Service; *provided*, *however*, if the corporation for which a Participant is rendering service ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant's Continuous Service shall be considered to have terminated on the date such corporation ceases to qualify as an Affiliate. For example, a change in status from an employee of the Company to a consultant of an Affiliate or to a Director shall not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of any leave of absence approved by that party, including sick leave, military leave or any other personal leave. Notwithstanding the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy or in the written terms of the Participant's leave of absence.

(k) "***Corporate Transaction***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;

(iii) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(l) "***Director***" means a member of the Board.

(m) "***Disability***" means the inability of a Participant to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months, and shall be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(n) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, shall not cause a Director to be considered an "Employee" for purposes of the Plan.

(o) "***Entity***" means a corporation, partnership, limited liability company, or other entity.

(p) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

(q) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the effective date of the Plan as set forth in Section 13, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

(r) "***Fair Market Value***" means, as of any date, the value of the Common Stock determined by the Board and (i) in a manner consistent with Section 260.140.50 of Title 10 of the California Code of Regulations, and (ii) in compliance with Section 409A of the Code or, in the case of an Incentive Stock Option, in compliance with Section 422 of the Code.

(s) "***Incentive Stock Option***" means an Option that qualifies as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(t) "***Nonstatutory Stock Option***" means an Option that does not qualify as an Incentive Stock Option.

(u) "***Officer***" means any person designated by the Company as an officer.

(v) "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(w) "***Option Agreement***" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(x) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(y) "***Own***," "***Owned***," "***Owner***," "***Ownership***" A person or Entity shall be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(z) "***Participant***" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(aa) "***Plan***" means this Anaptys Biosciences, Inc. 2006 Equity Incentive Plan.

(bb) "***Restricted Stock Award***" means an award of shares of Common Stock, which is granted pursuant to the terms and conditions of Section 7(a).

(cc) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award. Each Restricted Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(dd) "***Securities Act***" means the Securities Act of 1933, as amended.

(ee) "***Stock Appreciation Right***" means a right to receive the appreciation on Common Stock, that is granted pursuant to the terms and conditions of Section 7(b).

(ff) "***Stock Appreciation Right Agreement***" means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement shall be subject to the terms and conditions of the Plan.

(gg) "***Stock Award***" means any right granted under the Plan, including an Option, a Restricted Stock Award, and a Stock Appreciation Right.

(hh) "***Stock Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(ii) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%).

(jj) "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate.

3. ADMINISTRATION.

(a) Administration by Board. The Board shall administer the Plan unless and until the Board delegates administration of the Plan to a Committee, as provided in Section 3(c).

(b) Powers of Board. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (1) which of the persons eligible under the Plan shall be granted Stock Awards; (2) when and how each Stock Award shall be granted; (3) what type or combination of types of Stock Award shall be granted; (4) the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be permitted to receive cash or Common Stock pursuant to a Stock Award; and (5) the number of shares of Common Stock with respect to which a Stock Award shall be granted to each such person.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iii) To accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(iv) To effect, at any time and from time to time, with the consent of any adversely affected Participant, (1) the reduction of the exercise price of any outstanding Option or the strike price of any outstanding Stock Appreciation Right under the Plan; (2) the cancellation of any outstanding Option or Stock Appreciation Right under the Plan and the grant in substitution therefor of (a) a new Option or Stock Appreciation Right under the Plan or another equity plan of the Company covering the same or a different number of shares of Common Stock, (b) a Restricted Stock Award, (c) cash, and/or (d) other valuable consideration (as determined by the Board, in its sole discretion); or (3) any other action that is treated as a repricing under generally accepted accounting principles.

(v) To amend the Plan or a Stock Award as provided in Section 11.

(vi) To terminate or suspend the Plan as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan.

(viii) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by individuals who are foreign nationals or employed outside the United States.

(c) Delegation to Committee. The Board may delegate some or all of the administration of the Plan to a Committee or Committees of the Board. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(d) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

4. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to the provisions of Section 10(a) relating to Capitalization Adjustments, the Common Stock that may be issued pursuant to Stock Awards shall not exceed in the aggregate 18,871,272 shares of Common Stock.

(b) Reversion of Shares to the Share Reserve. If any Stock Award shall for any reason expire or otherwise terminate, in whole or in part, without having been exercised in full, or if any shares of Common Stock issued to a Participant pursuant to a Stock Award are forfeited back to or repurchased by the Company because of or in connection with the failure to meet a contingency or condition required to vest such shares in the Participant, the shares of Common Stock not acquired, such Stock Award or the shares of Common Stock forfeited or repurchased under such Stock Award shall revert to and again become available for issuance under the Plan; *provided*, *however*, that subject to the provisions of Section 10(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued as Incentive Stock Options shall be twice the number of shares reserved under the Plan at any particular time.

(c) Source of Shares. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market.

(d) Share Reserve Limitation. To the extent required by Section 260.140.45 of Title 10 of the California Code of Regulations, the total number of shares of Common Stock issuable upon exercise of all outstanding Options and the total number of shares of Common Stock provided for under any stock bonus or similar plan of the Company shall not exceed the applicable percentage as calculated in accordance with the conditions and exclusions of Section 260.140.45 of Title 10 of the California Code of Regulations, based on the shares of Common Stock of the Company that are outstanding at the time the calculation is made.

5. ELIGIBILITY.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to Employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and (f) of the Code. Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants.

(b) Ten Percent Stockholders.

(i) A Ten Percent Stockholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(ii) A Ten Percent Stockholder shall not be granted a Nonstatutory Stock Option unless the exercise price of such Option is at least (i) one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the date of grant, or (ii) such lower percentage of the Fair Market Value of the Common Stock on the date of grant as is permitted by Section 260.140.41 of Title 10 of the California Code of Regulations at the time of the grant of the Option.

(iii) A Ten Percent Stockholder shall not be granted a Restricted Stock Award or Stock Appreciation Right (if such award could be settled in shares of Common Stock), unless the purchase price of the restricted stock is at least (i) one hundred percent (100%) of the Fair Market Value of the Common Stock on the date of grant, or (ii) such lower percentage of the Fair Market Value of the Common Stock on the date of grant as is permitted by Section 260.140.42 of Title 10 of the California Code of Regulations at the time of the grant of the award.

(c) Consultants. A Consultant shall not be eligible for the grant of a Stock Award if, at the time of grant, either the offer or the sale of the Company's securities to such Consultant is not exempt under Rule 701 of the Securities Act ("***Rule 701***") because of the nature of the services that the Consultant is providing to the Company, because the Consultant is not a natural person, or because of any other provision of Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions.

6. OPTION PROVISIONS.

Each Option shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for shares of Common Stock purchased on exercise of each type of Option. The provisions of separate Options need not be identical; *provided*, *however*, that each Option Agreement shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 5(b) regarding Ten Percent Stockholders, no Option shall be exercisable after the expiration of ten (10) years from the date of grant.

(b) Exercise Price of an Incentive Stock Option. Subject to the provisions of Section 5(b) regarding Ten Percent Stockholders, the exercise price of each Incentive Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, an Incentive Stock Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner consistent with the provisions of Section 424(a) of the Code.

(c) Exercise Price of a Nonstatutory Stock Option. Subject to the provisions of Section 5(b) regarding Ten Percent Stockholders, the exercise price of each Nonstatutory Stock Option shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option on the date the Option is granted. Notwithstanding the foregoing, a Nonstatutory Stock Option may be granted with an exercise price lower than that set forth in the preceding sentence if such Option is granted pursuant to an assumption or substitution for another option in a manner consistent with the provisions of Section 424(a) of the Code.

(d) Consideration. The purchase price of Common Stock acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board shall have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The methods of payment permitted by this Section 6(d) are:

(i) by cash or check;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided*, *however*, the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such holding back of whole shares; *provided*, *however*, shares of Common Stock will no longer be outstanding under an Option and will not be exercisable thereafter to the extent that (i) shares are used to pay the exercise price pursuant to the "net exercise," (ii) shares are delivered to the Participant as a result of such exercise, and (iii) shares are withheld to satisfy tax withholding obligations;

(v) according to a deferred payment or similar arrangement with the Optionholder; *provided*, *however*, that interest shall compound at least annually and shall be charged at the minimum rate of interest necessary to avoid (i) the imputation of interest income to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (ii) the classification of the Option as a liability for financial accounting purposes; or

(vi) in any other form of legal consideration that may be acceptable to the Board.

(e) Transferability of Options. The Board may, in its sole discretion, impose such limitations on the transferability of Options as the Board shall determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options shall apply:

(i) Restrictions on Transfer. An Option shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Optionholder only by the Optionholder.

(ii) Domestic Relations Orders. Notwithstanding the foregoing, an Option may be transferred pursuant to a domestic relations order; *provided*, *however*, that if an Option is an Incentive Stock Option, such Option shall be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Notwithstanding the foregoing, the Optionholder may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company, designate a third party who, in the event of the death of the Optionholder, shall thereafter be entitled to exercise the Option. In the absence of such a designation, the executor or administrator of the Optionholder's estate shall be entitled to exercise the Option.

(f) Vesting of Options Generally. The total number of shares of Common Stock subject to an Option may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on performance or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options may vary. The provisions of this Section 6(f) are subject to any Option provisions governing the minimum number of shares of Common Stock as to which an Option may be exercised.

(g) Minimum Vesting. Notwithstanding the foregoing Section 6(f), to the extent that the following restrictions on vesting are required by Section 260.140.41(f) of Title 10 of the California Code of Regulations at the time of the grant of the Option, then:

(i) Options granted to an Employee who is not an Officer, Director or Consultant shall provide for vesting of the total number of shares of Common Stock at a rate of at least twenty percent (20%) per year over five (5) years from the date the Option was granted, subject to reasonable conditions such as continued employment; and

(ii) Options granted to Officers, Directors or Consultants may be made fully exercisable, subject to reasonable conditions such as continued employment, at any time or during any period established by the Company.

(h) Termination of Continuous Service. In the event that an Optionholder's Continuous Service terminates (other than upon the Optionholder's death or Disability), the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Optionholder' s Continuous Service (or such longer or shorter period specified in the Option Agreement, which period shall not be less than thirty (30) days), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination of Continuous Service, the Optionholder does not exercise his or her Option within the time specified herein or in the Option Agreement (as applicable), the Option shall terminate.

(i) Extension of Termination Date. An Optionholder's Option Agreement may also provide that if the exercise of the Option following the termination of the Optionholder's Continuous Service (other than upon the Optionholder's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option shall terminate on the earlier of (i) the expiration of a period of three (3) months after the termination of the Optionholder's Continuous Service during which the exercise of the Option would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option as set forth in the Option Agreement.

(j) Disability of Optionholder. In the event that an Optionholder's Continuous Service terminates as a result of the Optionholder's Disability, the Optionholder may exercise his or her Option (to the extent that the Optionholder was entitled to exercise such Option as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Option Agreement, which period shall not be less than six (6) months), or (ii) the expiration of the term of the Option as set forth in the Option Agreement. If, after termination of Continuous Service, the Optionholder does not exercise his or her Option within the time specified herein or in the Option Agreement (as applicable), the Option shall terminate.

(k) Death of Optionholder. In the event that (i) an Optionholder's Continuous Service terminates as a result of the Optionholder's death or (ii) the Optionholder dies within the period (if any) specified in the Option Agreement after the termination of the Optionholder's Continuous Service for a reason other than death, then the Option may be exercised (to the extent the Optionholder was entitled to exercise such Option as of the date of death) by the Optionholder's estate, by a person who acquired the right to exercise the Option by bequest or inheritance or by a person designated to exercise the option upon the Optionholder' s death pursuant to Section 6(e)(iii), but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Option Agreement, which period shall not be less than six (6) months), or (ii) the expiration of the term of such Option as set forth in the Option Agreement. If, after the Optionholder's death, the Option is not exercised within the time specified herein or in the Option Agreement (as applicable), the Option shall terminate.

(l) Early Exercise. The Option may include a provision whereby the Optionholder may elect at any time before the Optionholder' s Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Subject to the "Repurchase Limitation" in Section 9(i), any unvested shares of Common Stock so purchased may be subject to a repurchase option in favor of the Company or to any other restriction the Board determines to be appropriate. Provided that the "Repurchase Limitation" in Section 9(i) is not violated, the Company shall not be required to exercise its repurchase option until at least six (6) months (or such longer or shorter period of time necessary to avoid a charge to earnings for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option Agreement.

(m) Right of Repurchase. Subject to the "Repurchase Limitation" in Section 9(i), the Option may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Optionholder pursuant to the exercise of the Option. Provided that the "Repurchase Limitation" in Section 9(i) is not violated, the Company shall not be required to exercise its repurchase option until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless otherwise specifically provided in the Option Agreement.

(n) Right of First Refusal. The Option may include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Optionholder of the intent to transfer all or any part of the shares of Common Stock received upon the exercise of the Option. Except as expressly provided in this Section 6(n) or in the Stock Award Agreement for the Option, such right of first refusal shall otherwise comply with any applicable provisions of the Bylaws of the Company. The Company will not exercise its right of first refusal until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless otherwise specifically provided in the Option Agreement.

7. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. At the Board's election, shares of Common Stock may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate shall be held in such form and manner as determined by the Board. The terms and conditions of the Restricted Stock Award agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award agreements need not be identical; *provided*, *however*, that each Restricted Stock Award agreement shall include (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Purchase Price. At the time of the grant of a Restricted Stock Award, the Board will determine the price to be paid by the Participant for each share subject to the Restricted Stock Award. Subject to the provisions of Section 5(b) regarding Ten Percent Stockholders and to the extent required by applicable law, the price to be paid by the Participant for each share subject to the Restricted Stock Award shall not be less than eighty-five percent (85%) of the Common Stock's Fair Market Value on the date such award is made or at the time the purchase is consummated. Notwithstanding the foregoing, a Restricted Stock Award may be awarded as a stock bonus (*i.e.*, with no cash purchase price to be paid) to the extent permissible under applicable law.

(ii) Consideration. At the time of the grant of a Restricted Stock Award, the Board will determine the consideration permissible for the payment of the purchase price of the Restricted Stock Award. The purchase price of Common Stock acquired pursuant to the Restricted Stock Award shall be paid either: (i) in cash or by check at the time of purchase; (ii) at the discretion of the Board, according to a deferred payment or other similar arrangement with the Participant; (iii) by past or future services rendered to the Company or an Affiliate; or (iv) in any other form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(iii) Vesting. Subject to the "Repurchase Limitation" in Section 9(i), shares of Common Stock acquired under a Restricted Stock Award may be subject to a share repurchase right or option in favor of the Company in accordance with a vesting schedule to be determined by the Board.

(iv) Termination of Participant's Continuous Service. Subject to the "Repurchase Limitation" in Section 9(i), in the event that a Participant's Continuous Service terminates, the Company shall have the right, but not the obligation, to repurchase or otherwise reacquire, any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination under the terms of the Restricted Stock Award agreement. At the Board's election, the price paid for all shares of Common Stock so repurchased or reacquired by the Company may be at the lesser of (i) the Fair Market Value on the relevant date, or (ii) the Participant's original cost for such shares. Provided that the "Repurchase Limitation" in Section 9(i) is not violated, the Company shall not be required to exercise its repurchase or reacquisition option until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Restricted Stock Award as a liability for financial accounting purposes) have elapsed following the Participant's purchase of the shares acquired pursuant to the Restricted Stock Award unless otherwise determined by the Board or provided in the Restricted Stock Award Agreement.

(v) Transferability. Rights to purchase or acquire shares of Common Stock under the Restricted Stock Award agreement shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant.

(b) Stock Appreciation Rights. Each Stock Appreciation Right Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of Stock Appreciation Right Agreements may change from time to time, and the terms and conditions of separate Stock Appreciation Right Agreements need not be identical; *provided*, *however*, that but each Stock Appreciation Right Agreement shall include (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) Term. Subject to the provisions of Section 5(b) regarding Ten Percent Stockholders, no Stock Appreciation Right shall be exercisable after the expiration of ten (10) years from the date of grant, or such shorter period specified in the Stock Appreciation Right Agreement.

(ii) Strike Price. Each Stock Appreciation Right will be denominated in shares of Common Stock equivalents. Subject to the provisions of Section 5(b) regarding Ten Percent Stockholders, the strike price of each Stock Appreciation Right granted as a stand-alone or tandem Stock Award shall not be less than one hundred percent (100%) of the Fair Market Value of the Common Stock equivalents subject to the Stock Appreciation Right on the date of grant.

(iii) Calculation of Appreciation. The appreciation distribution payable on the exercise of a Stock Appreciation Right will be not greater than an amount equal to the excess of (i) the aggregate Fair Market Value (on the date of the exercise of the Stock Appreciation Right) of a number of shares of Common Stock equal to the number of share of Common Stock equivalents in which the Participant is vested under such Stock Appreciation Right and with respect to which the Participant is exercising the Stock Appreciation Right on such date, over (ii) an amount (the strike price) that will be determined by the Board on the date of grant.

(iv) Vesting. At the time of the grant of a Stock Appreciation Right, the Board may impose such restrictions or conditions to the vesting of such Stock Appreciation Right as it deems appropriate; *provided*, *however*, that a Stock Appreciation Right that could be settled in shares of Common Stock shall be subject to the provision of Section 9(i).

(v) Exercise. To exercise any outstanding Stock Appreciation Right, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

(vi) Payment. The appreciation distribution in respect to a Stock Appreciation Right may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

(vii) Termination of Continuous Service. In the event that a Participant's Continuous Service terminates, the Participant may exercise his or her Stock Appreciation Right (to the extent that the Participant was entitled to exercise such Stock Appreciation Right as of the date of termination) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the Stock Appreciation Right Agreement), or (ii) the expiration of the term of the Stock Appreciation Right as set forth in the Stock Appreciation Right Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Stock Appreciation Right within the time specified herein or in the Stock Appreciation Right Agreement (as applicable), the Stock Appreciation Right shall terminate.

8. COVENANTS OF THE COMPANY.

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided*, *however*, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained.

9. MISCELLANEOUS.

(a) Use of Proceeds. Proceeds from the sale of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

(b) Acceleration of Exercisability and Vesting. The Board shall have the power to accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(c) Stockholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Stock Award unless and until such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms.

(d) No Employment or other Service Rights. Nothing in the Plan, any Stock Award Agreement, or any other instrument executed thereunder or any Stock Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Incentive Stock Option $100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars ($100,000), the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(f) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (i) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (ii) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(g) Withholding Obligations. To the extent provided by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means (in addition to the Company's right to withhold from any compensation paid to the Participant by the Company) or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided*, *however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); or (iii) by such other method as may be set forth in the Stock Award Agreement.

(h) Information Obligation. To the extent required by Section 260.140.46 of Title 10 of the California Code of Regulations, the Company shall deliver financial statements to Participants at least annually. This Section 9(h) shall not apply to key Employees whose duties in connection with the Company assure them access to equivalent information.

(i) Repurchase Limitation. The terms of any repurchase option shall be specified in the Stock Award, and the repurchase price may be either the Fair Market Value of the shares of Common Stock on the date of termination of Continuous Service or the lower of (i) the Fair Market Value of the shares of Common Stock on the date of repurchase, or (ii) their original purchase price. To the extent required by Section 260.140.41 and Section 260.140.42 of Title 10 of the California Code of Regulations at the time a Stock Award is made, any repurchase option contained in a Stock Award granted to a person who is not an Officer, Director or Consultant shall be upon the terms described below:

(i) Fair Market Value. If the repurchase option gives the Company the right to repurchase the shares of Common Stock upon termination of Continuous Service at not less than the Fair Market Value of the shares of Common Stock to be purchased on the date of termination of Continuous Service, then (i) the right to repurchase shall be exercised for cash or cancellation of purchase money indebtedness for the shares of Common Stock within ninety (90) days of termination of Continuous Service (or in the case of shares of Common Stock issued upon exercise of Stock Awards after such date of termination, within ninety (90) days after the date of the exercise) or such longer period as may be agreed to by the Company and the Participant, and (ii) the right terminates when the shares of Common Stock become publicly traded.

(ii) Original Purchase Price. If the repurchase option gives the Company the right to repurchase the shares of Common Stock upon termination of Continuous Service at the lower of (i) the Fair Market Value of the shares of Common Stock on the date of repurchase or (ii) their original purchase price, then (x) the right to repurchase at the original purchase price shall lapse at the rate of at least twenty percent (20%) of the shares of Common Stock per year over five (5) years from the date the Stock Award is granted (without respect to the date the Stock Award was exercised or became exercisable) and (y) the right to repurchase shall be exercised for cash or cancellation of purchase money indebtedness for the shares of Common Stock within ninety (90) days of termination of Continuous Service (or in the case of shares of Common Stock issued upon exercise of Options after such date of termination, within ninety (90) days after the date of the exercise) or such longer period as may be agreed to by the Company and the Participant.

(j) Electronic Delivery. Any reference herein to a "written" agreement or document shall include any agreement or document delivered electronically or posted on the Company's intranet.

10. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; CORPORATE TRANSACTIONS.

(a) Capitalization Adjustments. If any change is made in, or other events occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award without the receipt of consideration .by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company (each a "***Capitalization Adjustment***"), the Board shall appropriately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Sections 4(a) and 4(b), and (ii) the class(es) and number of securities and price per share of Common Stock subject to each outstanding Stock Award. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. (Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a transaction "without receipt of consideration" by the Company.)

(b) Dissolution or Liquidation. In the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to the Company's right of repurchase) shall terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase option may be repurchased by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided*, *however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions shall apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in a written agreement between the Company or any Affiliate and the holder of the Stock Award:

(i) Stock Awards May Be Assumed. In the event of a Corporate Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Stock Awards outstanding under the Plan or may substitute similar stock awards for Stock Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to Stock Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Corporate Transaction. A surviving corporation or acquiring corporation may choose to assume or continue only a portion of a Stock Award or substitute a similar stock award for only a portion of a Stock Award. The terms of any assumption, continuation or substitution shall be set by the Board in accordance with the provisions of Section 3.

(ii) Stock Awards Held by Current Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Stock Awards or substitute similar stock awards for such outstanding Stock Awards, then with respect to Stock Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction (referred to as the "***Current Participants***"), the vesting of such Stock Awards (and, if applicable, the time at which such Stock Awards may be exercised) shall (contingent upon the effectiveness of the Corporate Transaction) be accelerated in full to a date prior to the effective time of such Corporate Transaction as the Board shall determine (or, if the Board shall not determine such a date, to the date that is five (5) days prior to the effective time of the Corporate Transaction), and such Stock Awards shall terminate if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction, and any reacquisition or repurchase rights held by the Company with respect to such Stock Awards shall lapse (contingent upon the effectiveness of the Corporate Transaction).

(iii) Stock Awards Held by Former Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Stock Awards or substitute similar stock awards for such outstanding Stock Awards, then with respect to Stock Awards that have not been assumed, continued or substituted and that are held by persons other than Current Participants, the vesting of such Stock Awards (and, if applicable, the time at which such Stock Award may be exercised) shall not be accelerated and such Stock Awards (other than a Stock Award consisting of vested and outstanding shares of Common Stock not subject to the Company's right of repurchase) shall terminate if not exercised (if applicable) prior to the effective time of the Corporate Transaction; *provided*, *however*, that any reacquisition or repurchase rights held by the Company with respect to such Stock Awards shall not terminate and may continue to be exercised notwithstanding the Corporate Transaction.

(iv) Payment for Stock Awards in Lieu of Exercise. Notwithstanding the foregoing, in the event a Stock Award will terminate if not exercised prior to the effective time of a Corporate Transaction, the Board may provide, in its sole discretion, that the holder of such Stock Award may not exercise such Stock Award but will receive a payment, in such form as may be determined by the Board, equal in value to the excess, if any, of (i) the value of the property the holder of the Stock Award would have received upon the exercise of the Stock Award, over (ii) any exercise price payable by such holder in connection with such exercise.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant. A Stock Award may vest as to all or any portion of the shares subject to the Stock Award (i) immediately upon the occurrence of a Change in Control, whether or not such Stock Award is assumed, continued, or substituted by a surviving or acquiring entity in the Change in Control, or (ii) in the event a Participant's Continuous Service is terminated, actually or constructively, within a designated period following the occurrence of a Change in Control. In the absence of such provisions, no such acceleration shall occur.

11. AMENDMENT OF THE PLAN AND STOCK AWARDS.

(a) Amendment of Plan. Subject to the limitations, if any, of applicable law, the Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 10(a) relating to Capitalization Adjustments, no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary to satisfy applicable law.

(b) Stockholder Approval. The Board, in its sole discretion, may submit any other amendment to the Plan for stockholder approval.

(c) Contemplated Amendments. It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible Employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to Incentive Stock Options and/or to bring the Plan and/or Incentive Stock Options granted under it into compliance therewith.

(d) No Impairment of Rights. Rights under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (i) the Company requests the consent of the affected Participant, and (ii) such Participant consents in writing.

(e) Amendment of Stock Awards. The Board, at any time and from time to time, may amend the terms of any one or more Stock Awards; *provided*, *however*, that the rights under any Stock Award shall not be impaired by any such amendment unless (i) the Company requests the consent of the affected Participant, and (ii) such Participant consents in writing.

12. TERMINATION OR SUSPENSION OF THE PLAN.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the day before the tenth (10th) anniversary of the earlier of (i) the date the Plan is adopted by the Board, or (ii) the date the Plan is approved by the stockholders of the Company. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant.

13. EFFECTIVE DATE OF PLAN.

The Plan shall become effective as determined by the Board, but no Stock Award shall be exercised (or, in the case of a Restricted Stock Award, shall be granted) unless and until the Plan has been approved by the stockholders of the Company, which approval shall be within twelve (12) months before or after the date the Plan is adopted by the Board.

14. CHOICE OF LAW.

The law of the State of Delaware shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state’s conflict of laws rules.

ANAPTYS BIOSCIENCES, INC.
2006 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT
(INCENTIVE STOCK OPTION OR NONSTATUTORY STOCK OPTION)

Pursuant to your Stock Option Grant Notice ("***Grant Notice***") and this Stock Option Agreement, Anaptys Biosciences, Inc. (the "***Company***") has granted you an option under its 2006 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Defined terms not explicitly defined in this Stock Option Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of your option are as follows:

1. VESTING. Subject To The Limitations Contained Herein, Your Option Will Vest As Provided In Your Grant Notice, Provided That Vesting Will Cease Upon The Termination Of Your Continuous Service.

2. NUMBER OF SHARES AND EXERCISE PRICE. The number of shares of Common Stock subject to your option and your exercise price per share referenced in your Grant Notice may be adjusted from time to time for Capitalization Adjustments.

3. EXERCISE RESTRICTION FOR NON-EXEMPT EMPLOYEES. In the event that you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (i.e., a "Non-Exempt Employee"), you may not exercise your option until you have completed at least six (6) months of Continuous Service measured from the Date of Grant specified in your Grant Notice, notwithstanding any other provision of your option.

4. EXERCISE PRIOR TO VESTING ("EARLY EXERCISE"). If permitted in your Grant Notice (i.e., the **"Exercise Schedule"** indicates that **"Early Exercise"** of your option is permitted) and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the nonvested portion of your option; provided, however, that:

(a) a partial exercise of your option shall be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise shall be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement;

(c) you shall enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) if your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the time of grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds one hundred thousand dollars ($100,000), your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options.

5. METHOD OF PAYMENT. Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in cash or by check or in any other manner ***permitted by your Grant Notice***, which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded and quoted regularly in *The Wall Street Journal*, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds.

(b) Provided that at the time of exercise the Common Stock is publicly traded and quoted regularly in *The Wall Street Journal*, by delivery of already-owned shares of Common Stock either that you have held for the period required to avoid a charge to the Company's reported earnings (generally six (6) months) or that you did not acquire, directly or indirectly from the Company, that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, shall include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

6. WHOLE SHARES. You may exercise your option only for whole shares of Common Stock.

7. SECURITIES LAW COMPLIANCE. Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

8. TERM. You may not exercise your option before the commencement or after the expiration of its term. The term of your option commences on the Date of Grant and expires upon the earliest of the following:

(a) three (3) months after the termination of your Continuous Service for any reason other than your Disability or death, provided that if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in Section 7, your option shall not expire until the earlier of the Expiration Date or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service;

(b) twelve (12) months after the termination of your Continuous Service due to your Disability;

(c) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates;

(d) the Expiration Date indicated in your Grant Notice; or

(e) the day before the tenth (10th) anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your option and ending on the day three (3) months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or your Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three (3) months after the date your employment with the Company or an Affiliate terminates.

9. EXERCISE.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by delivering a Notice of Exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (1) the exercise of your option, (2) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (3) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within fifteen (15) days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two (2) years after the date of your option. grant or within one (1) year after such shares of Common Stock are transferred upon exercise of your option.

(d) By exercising your option you agree that you shall not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by you, for a period of time specified by the managing underwriter(s) (not to exceed one hundred eighty (180) days (or such longer period, not to exceed 18 days after the expiration of the 180-day period, as the underwriters or the Company shall request in order to facilitate compliance with NASD Rule 2711) following the effective date of a registration statement of the Company filed under the Securities Act (the "***Lock Up Period***"); *provided*, *however*, that nothing contained in this section shall prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. The underwriters of the Company's stock are intended third party beneficiaries of this Section 9(d) and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

10. TRANSFERABILITY. Your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise your option.

11. CHANGE IN CONTROL.

(a) If a Change in Control occurs and within thirteen (13) months after the effective time of such Change in Control your Continuous Service terminates due to an involuntary termination of your employment (not including death or Disability) without Cause (as defined below) or due to a voluntary termination by you with Good Reason (as defined below), then, as of the date of termination of Continuous Service, the vesting and exercisability of your option shall be accelerated in full.

(b) "***Cause***" means the occurrence of any one or more of the following: (i) your commission of any crime involving fraud, dishonesty or moral turpitude; (ii) your attempted commission of or participation in a fraud or act of dishonesty against the Company that results in (or might have reasonably resulted in) material harm to the business of the Company; (iii) your intentional, material violation of any contract or agreement between you and the Company or any statutory duty you owe to the Company; or (iv) your conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in (or might have reasonably resulted in) material harm to the business of the Company; *provided*, *however*, that the action or conduct described in clauses (iii) and (iv) above will constitute "Cause" only if such action or conduct continues after the Company has provided you with written notice thereof and thirty (30) days to cure the same.

(c) "***Good Reason***" shall mean any of the following actions taken without Cause by the Company or a successor corporation or entity without your consent: (i) the assignment to you of any duties or responsibilities that results in a material diminution in your function as in effect immediately prior to the effective date of the Change in Control; provided, however, that a change in your title or reporting relationships shall not provide the basis for a voluntary termination with Good Reason; (ii) a reduction by the Company in your annual base salary as in effect on the effective date of the Change in Control; provided, however, that Good Reason shall not be deemed to have occurred in the event of a reduction in your annual base salary that is pursuant to a salary reduction program affecting substantially all of the employees of the Company and that does not adversely affect you to a greater extent than other similarly situated employees; or (iii) a relocation of your primary business office to a location more than 50 miles from the location of your primary business office as of the effective date of the Change in Control, except for required travel by you on the Company's business to an extent substantially consistent with your business travel obligations prior to the effective date of the Change in Control.

(d) If any payment or benefit you would receive pursuant to a Change in Control from the Company or otherwise ("**Payment**") would (i) constitute a "***parachute payment***" within the meaning of Section 280G of the Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**", then such Payment shall be equal to the Reduced Amount. The "***Reduced Amount***" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "***parachute payments***" is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the following order unless you elect in writing a different order (*provided, however*, that such election shall be subject to Company approval if made on or after the effective date of the event that triggers the Payment): reduction of cash payments; cancellation of accelerated vesting of Stock Awards; reduction of employee benefits. In the event that acceleration of vesting of Stock Award compensation is to be reduced, such acceleration of vesting shall be cancelled in the reverse order of the date of grant of your Stock Awards (i.e., earliest granted Stock Award cancelled last) unless you elect in writing a different order for cancellation.

The accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the Change in Control shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.

The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to you and the Company within fifteen (15) calendar days after the date on which your right to a Payment is triggered (if requested at that time by you or the Company) or such other time as requested by you or the Company. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish you and the Company with an opinion reasonably acceptable to you that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon you and the Company.

12. RIGHT OF FIRST REFUSAL. Shares of Common Stock that you acquire upon exercise of your option are subject to any right of first refusal that may be described in the Company's bylaws in effect at such time the Company elects to exercise its right; *provided, however*, that if your option is an Incentive Stock Option and the right of first refusal described in the Company's bylaws in effect at the time the Company elects to exercise its right is more beneficial to you than the right of first refusal described in the Company's bylaws on the Date of Grant, then the right of first refusal described in the Company's bylaws on the Date of Grant shall apply. The Company's right of first refusal shall expire on the Listing Date. For purposes of this Agreement, Listing Date shall mean the first date upon which any security of the Company is listed (or approved for listing) upon notice of issuance on a national securities exchange or on the National Market System of the Nasdaq Stock Market (or any successor to that entity).

13. RIGHT OF REPURCHASE. To the extent provided in the Company's bylaws in effect at such time the Company elects to exercise its right, the Company shall have the right to repurchase all or any part of the shares of Common Stock you acquire pursuant to the exercise of your option.

14. OPTION NOT A SERVICE CONTRACT. Your option is not an employment or service contract, and nothing in your option shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option shall obligate the Company or an Affiliate, their respective stockholders, Boards of Directors, Officers or Employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

15. WITHHOLDING OBLIGATIONS.

(a) At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) Upon your request and subject to approval by the Company, in its sole discretion, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid variable award accounting). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence shall not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock shall be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure shall be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein unless such obligations are satisfied.

16. NOTICES. Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

17. GOVERNING PLAN DOCUMENT. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control.

ANAPTYS BIOSCIENCES, INC.
2006 EQUITY INCENTIVE PLAN
OPTION GRANT NOTICE

Anaptys Biosciences, Inc. (the ***"Company")***, pursuant to its 2006 Equity Incentive Plan (the ***"Plan")***, hereby grants to Optionholder an option to purchase the number of shares of the Company's Common Stock set forth below. This option is subject to all of the terms and conditions as set forth herein and in the Option Agreement, the Plan, and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Type of Grant: ☐ Incentive Stock Option[1] ☐ Nonstatutory Stock Option

Exercise Schedule: ☐ Same as Vesting Schedule ☐ Early Exercise Permitted

Vesting Schedule: 1/4th of the shares vest and become exercisable one year after the Vesting Commencement Date; the balance of the shares vest and become exercisable in a series of thirty-six (36) successive equal monthly installments measured from the first anniversary of the Vesting Commencement Date; *provided, however,* that the vesting and exercisability of this option shall be subject to the special acceleration provisions set forth in the Stock Option Agreement attached hereto.

Payment: By one or a combination of the following items (described in the Option Agreement):

☒ By cash or check

☐ Pursuant to a Regulation T Program if the Shares are publicly traded

☐ By delivery of already-owned shares if the Shares are publicly traded

☐ By net exercise[2]

Additional Terms/Acknowledgements: The undersigned Optionholder acknowledges receipt of, and understands and agrees to, this Option Grant Notice, the Option Agreement, and the Plan. Optionholder further acknowledges that as of the Date of Grant, this Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding the acquisition of stock in the Company and supersede all prior oral and written agreements on that subject with the exception of (i) options previously granted and delivered to Optionholder under the Plan, and (ii) the following agreements only:

OTHER AGREEMENTS: _____

_____

1 If this is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options) cannot be first ***exercisable*** for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option.

2 An Incentive Stock Option may not be exercised by a net exercise arrangement.

ANAPTYS BIOSCIENCES, INC.

By: _____
Signature

Title: _____

Date: _____

OPTIONHOLDER:

_____
Signature

Date: _____

ATTACHMENTS: Option Agreement, 2006 Equity Incentive Plan, and Notice of Exercise

ATTACHMENT III

NOTICE OF EXERCISE

Anaptys Biosciences, Inc.

_____ Date of Exercise: _____

_____

Ladies and Gentlemen:

This constitutes notice under my stock option that I elect to purchase the number of shares for the price set forth below.

Type of option (check one):	Incentive ☐	Nonstatutory ☐
Stock option dated:	_____	
Number of shares as to which option is exercised:	_____	
Certificates to be issued in name of:	_____	
Total exercise price:	$_____	
Cash payment delivered herewith:	$_____	
Value of shares of Anaptys Biosciences, Inc. common stock delivered herewith[3]:	$_____	

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the Anaptys Biosciences, Inc. 2006 Equity Incentive Plan, (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within fifteen (15) days after the date of any disposition of any of the shares of Common Stock issued upon exercise of this option that occurs within two (2) years after the date of grant of this option or within one (1) year after such shares of Common Stock are issued upon exercise of this option.

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3 Shares must meet the public trading requirements set forth in the option. Shares must be valued in accordance with the terms of the option being exercised, must have been owned for the minimum period required in the option, and must be owned free and clear of any liens, claims, encumbrances or security interests. Certificates must be endorsed or accompanied by an executed assignment separate from certificate.

I hereby make the following certifications and representations with respect to the number of shares of Common Stock of the Company listed above (the *"**Shares**"),* which are being acquired by me for my own account upon exercise of the Option as set forth above:

I acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the *"**Securities Act**"),* and are deemed to constitute "restricted securities" under Rule 701 and "control securities" under Rule 144 promulgated under the Securities Act. I warrant and represent to the Company that I have no present intention of distributing or selling said Shares, except as permitted under the Securities Act and any applicable state securities laws.

I further acknowledge that I will not be able to resell the Shares for at least ninety (90) days after the stock of the Company becomes publicly traded *(i.e.*, subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the Option shall have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Certificate of Incorporation, Bylaws and/or applicable securities laws.

I further agree that I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by me, for a period of time specified by the managing underwriter(s) (not to exceed one hundred eighty (180) days (or such longer period, not to exceed 18 days after the expiration of the 180-day period, as the underwriters or the Company shall request in order to facilitate compliance with NASD Rule 2711) following the effective date of a registration statement of the Company filed under the Securities Act (the *"**Lock Up Period**"); provided, however,* that nothing contained in this paragraph shall prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock Up Period. I further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to my shares of Common Stock until the end of such period.

Very truly yours,

_____

ANAPTYSBIO, INC.
RESTRICTED STOCK BONUS GRANT NOTICE
(2006 Equity Incentive Plan)

AnaptysBio, Inc. (the "Company"), pursuant to its 2006 Equity Incentive Plan (the "Plan"), hereby awards to Participant as compensation the number of shares of the Company's Common Stock set forth below ("Award"). This Award is subject to all of the terms and conditions as set forth herein and in the Restricted Stock Bonus Agreement, the Plan, the form of Assignment Separate from Certificate and the form of Joint Escrow Instructions, all of which are attached hereto and incorporated herein in their entirety.

Participant:
Date of Grant:
Vesting Commencement Date:
Number of Shares Subject to Award:
Consideration:

Vesting Schedule:

Additional Terms/Acknowledgements: The undersigned Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Bonus Grant Notice, the Restricted Stock Bonus Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Stock Bonus Grant Notice, the Restricted Stock Bonus Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the acquisition of stock in the Company and supersede all prior oral and written agreements on that subject with the exception of (i) Awards previously granted and delivered to Participant under the Plan, and (ii) the following agreements only:

OTHER AGREEMENTS: _____

_____

ANAPTYSBIO, INC.

By: _____
Signature

Title: _____

Date: _____

PARTICIPANT:

_____
Signature

Date: _____

ATTACHMENTS:

ATTACHMENT I

RESTRICTED STOCK BONUS AGREEMENT

ANAPTYSBIO, INC.
2006 EQUITY INCENTIVE PLAN

RESTRICTED STOCK BONUS AGREEMENT

Pursuant to the Restricted Stock Bonus Grant Notice ("***Grant Notice***") and this Restricted Stock Bonus Agreement (collectively, the "***Award***") and in consideration of your services, AnaptysBio, Inc. (the "***Company***") has awarded you a Restricted Stock Award under its 2006 Equity Incentive Plan (the "***Plan***") for the number of shares of the Company's Common Stock subject to the Award as indicated in the Grant Notice. Defined terms not explicitly defined in this Restricted Stock Bonus Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of your Award are as follows:

1. VESTING. Subject to the limitations contained herein, your Award will vest as provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.

2. NUMBER OF SHARES. The number of shares subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan.

3. SECURITIES LAW COMPLIANCE. You may not be issued any shares under your Award unless the shares are either (i) then registered under the Securities Act or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you will not receive such shares if the Company determines that such receipt would not be in material compliance with such laws and regulations.

4. MARKET STAND-OFF AGREEMENT. By acquiring shares of Common Stock under your Award, you shall not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by you, for a period of one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as necessary to permit compliance with NASD Rule 2711 and similar or successor regulatory rules and regulations (the "***Lock-Up Period***"); provided, however, that nothing contained in this Section 4 shall prevent the exercise of a repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company and/or the underwriter(s) that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. The underwriters of the Company's stock are intended third party beneficiaries of this Section 4 and shall have the right, power and authority to enforce the provision hereof as though they were a party hereto.

5. RIGHT OF FIRST REFUSAL. Shares that are received under your Award are subject to any right of first refusal that may be described in the Company's bylaws in effect at such time the Company elects to exercise its right.

6. RIGHT OF REPURCHASE.

(a) To the extent provided in the Company's bylaws, as amended from time to time, the Company shall have the right to repurchase all or any part of the shares received pursuant to your Award.

(b) The Company shall have a right to reacquire (a "***Reacquisition Right***") the shares you received pursuant to your Award that have not as yet vested in accordance with the Vesting Schedule on the Grant Notice ("***Unvested Shares***") on the following terms and conditions:

(i) The Company shall simultaneously with termination of your Continuous Service automatically reacquire for no consideration all of the Unvested Shares, unless the Company agrees to waive its Reacquisition Right as to some or all of the Unvested Shares. Any such waiver shall be exercised by the Company by written notice to you or your representative (with a copy to the Escrow Holder as defined below) within ninety (90) days after the termination of your Continuous Service, and the Escrow Holder may then release to you the number of Unvested Shares not being reacquired by the Company. If the Company does not waive its Reacquisition Right as to all of the Unvested Shares, then upon such termination of your Continuous Service, the Escrow Holder shall transfer to the Company the number of shares the Company is reacquiring.

(ii) The Company shall not exercise its Reacquisition Right until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Award as a liability for financial accounting purposes) have elapsed following delivery of shares of Common Stock subject to the Award, unless otherwise specifically provided by the Board. If the Company does exercise its Reacquisition Right as to any of the shares subject to your Award, then upon such termination of your Continuous Service, the Escrow Holder shall transfer to the Company the number of shares the Company is repurchasing.

(iii) The shares issued under your Award shall be held in escrow pursuant to the terms of the Joint Escrow Instructions attached to the Grant Notice as Attachment IV. You agree to execute two (2) Assignment Separate From Certificate forms (with date and number of shares blank) substantially in the form attached to the Grant Notice as Attachment III and deliver the same, along with the certificate or certificates evidencing the shares, for use by the escrow agent pursuant to the terms of the Joint Escrow Instructions.

(iv) Subject to the provisions of your Award, you shall, during the term of your Award, exercise all rights and privileges of a shareholder of the Company with respect to the shares deposited in escrow. You shall be deemed to be the holder of the shares for purposes of receiving any dividends which may be paid with respect to such shares and for purposes of exercising any voting rights relating to such shares, even if some or all of such shares have not yet vested and been released from the Company's Reacquisition Right.

(v) If, from time to time, there is any stock dividend, stock split or other change in the character or amount of any of the outstanding stock of the corporation the stock of which is subject to the provisions of your Award, then in such event any and all new, substituted or additional securities to which you are entitled by reason of your ownership of the shares acquired under your Award shall be immediately subject to the Reacquisition Right with the same force and effect as the shares subject to this Reacquisition Right immediately before such event.

(vi) In the event of a Corporate Transaction as defined in the Plan, the Reacquisition Right may be assigned by the Company to the successor of the Company (or such successor's parent company), if any, in connection with such transaction. To the extent the Reacquisition Right remains in effect following such transaction, it shall apply to the new capital stock, cash or other property received in exchange for the Common Stock in consummation of the transaction, but only to the extent the Common Stock was at the time covered by such right. If any Reacquisition Right is not assumed or substituted in connection with such transaction and your continuous service has not terminated prior to the effective time of the Corporate Transaction, the Reacquisition Right shall lapse prior to the effective time of the Corporate Transaction. If your continuous service has terminated prior to the effective time of the Corporate Transaction and the surviving or acquiring corporation (or its parent company) does not assume or continue your outstanding Award, the Reacquisition Right held by the Company with respect to such Award may continue to be exercised notwithstanding the Corporate Transaction.

(vii) In addition to any other limitation on transfer created by applicable securities laws, you shall not sell, assign, hypothecate, donate, encumber, or otherwise dispose of any interest in the Common Stock while such shares of Common Stock are subject to the Reacquisition Right or continue to be held in the Joint Escrow; provided, however, that an interest in such shares may be transferred pursuant to a qualified domestic relations order as defined in the Code or Title I of the Employee Retirement Income Security Act. After any Common Stock has been released from the Joint Escrow, you shall not sell, assign, hypothecate, donate, encumber, or otherwise dispose of any interest in the Common Stock except in compliance with the provisions herein and applicable securities laws.

7. RESTRICTIVE LEGENDS. The shares issued under your Award shall be endorsed with appropriate legends determined by the Company.

8. AWARD NOT A SERVICE CONTRACT. Your Award is not an employment or service contract, and nothing in your Award shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or on the part of the Company or an Affiliate to continue your employment. In addition, nothing in your Award shall obligate the Company or an Affiliate, their respective shareholders, boards of directors, Officers or Employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

9. WITHHOLDING OBLIGATIONS.

(a) At the time your Award is made, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with your Award (the "***Withholding Taxes***"). The Company may, in its sole discretion; satisfy all or any portion of the Withholding Taxes obligation relating to your Award by any of the following means or by a combination of such means: (i) withholding from any amounts otherwise payable to you by the Company or (ii) causing you to tender a cash payment; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award. with a Fair Market Value equal to the amount of such Withholding Taxes; provided, however, that the number of such shares of Common Stock so withheld shall not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; or (v) withholding cash from an Award settled in cash.

(b) Unless the tax withholding obligations of the Company and/or any Affiliate are satisfied, the Company shall have no obligation to issue a certificate for such shares or release such shares from any escrow provided for herein.

10. TAX CONSEQUENCES. The acquisition and vesting of the shares may have adverse tax consequences to you that may avoided or mitigated by filing an election under Section 83(b) of the Code. Such election must be filed within thirty (30) days after the date of your Award. YOU ACKNOWLEDGE THAT IT IS YOUR OWN RESPONSIBILITY, AND NOT THE COMPANY'S, TO FILE A TIMELY ELECTION UNDER CODE SECTION 83(B), EVEN IF YOU REQUEST THE COMPANY TO MAKE THE FILING ON YOUR BEHALF.

11. NOTICES. Any notices provided for in your Award or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

12. MISCELLANEOUS,

(a) The rights and obligations of the Company under your Award shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. Your rights and obligations under your Award may only be assigned with the prior written consent of the Board in its sole discretion.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

13. GOVERNING PLAN DOCUMENT. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan shall control.

14. APPLICATION OF SECTION 409A. This Award is intended to be exempt from the application of Section 409A of the Code ("***Section 409A***") pursuant to Treasury Regulation 1.409A-l(b)(6). Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of Treasury Regulation l.409A-l(b)(6) or the short-term deferral rule and is otherwise deferred compensation subject to Section 409A, and if you are a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-l(h)), then the vesting and/or issuance of any shares that would otherwise be made upon the date of your separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead occur in a lump sum on the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares becoming vested or issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay is necessary to avoid the imposition of taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

ATTACHMENT II

2006 EQUITY INCENTIVE PLAN

ATTACHMENT III

FORM OF ASSIGNMENT SEPARATE FROM CERTIFICATE

ASSIGNMENT SEPARATE FROM CERTIFICATE

FOR VALUE RECEIVED and pursuant to that certain Restricted Stock Bonus Grant Notice and Restricted Stock Bonus Agreement (the "***Award***"), hereby sells, assigns and transfers unto AnaptysBio, Inc., a Delaware corporation ("***Assignee***"), ( ) shares of the common stock of the Assignee, standing in the undersigned's name on the books of said corporation represented by Certificate No. herewith and do hereby irrevocably constitute and appoint as attorney-in-fact to transfer the said stock on the books of the within named Company with full power of substitution in the premises. This Assignment may be used only in accordance with and subject to the terms and conditions of the Award, in connection with the repurchase of shares of Common Stock of the Corporation issued to the undersigned pursuant to the Award, and only to the extent that such shares remain subject to the Corporation's Reacquisition Right under the Award.

Dated: _____

Signature: _____

_____**, Recipient**

INSTRUCTION: Please do not fill in any blanks other than the signature line. The purpose of this Assignment is to enable the Company to exercise its Reacquisition Right set forth in the Award without requiring additional signatures on your part.

ATTACHMENT IV

FORM OF JOINT ESCROW INSTRUCTIONS

JOINT ESCROW INSTRUCTIONS

October , 2010

Corporate Secretary
AnaptysBio, Inc.
10835 Road To The Cure
San Diego, CA 92121

Dear Sir/Madam:

As Escrow Agent for both AnaptysBio, Inc., a Delaware corporation (the "***Company***"), and the undersigned recipient of stock of the Company ("***Recipient***"), you are hereby authorized and directed to hold the documents delivered to you pursuant to the terms of that certain Restricted Stock Bonus Grant Notice (the "***Grant Notice***"), dated to which a copy of these Joint Escrow Instructions is attached as Attachment IV, and pursuant to the terms of that certain Restricted Stock Bonus Agreement ("***Agreement***"), which is Attachment I to the Grant Notice, in accordance with the following instructions:

1. In the event Recipient ceases to render services to the Company or an affiliate of the Company during the vesting period set forth in the Grant Notice, the Company or its assignee will give to Recipient and you a written notice specifying that the shares of Common Stock shall be transferred to the Company. Recipient and the Company hereby irrevocably authorize and direct you to close the transaction contemplated by such notice in accordance with the terms of said notice.

2. At the closing you are directed (a) to date any stock assignments necessary for the transfer in question, (b) to fill in the number of shares being transferred, and (c) to deliver same, together with the certificate evidencing the shares of Common Stock to be transferred, to the Company.

3. Recipient irrevocably authorizes the Company to deposit with you any certificates evidencing shares of Common Stock to be held by you hereunder and any additions and substitutions to said shares as specified in the Grant Notice. Recipient does hereby irrevocably constitute and appoint you as Recipient's attorney-in-fact and agent for the term of this escrow to execute with respect to such securities and other property all documents of assignment and/or transfer and all stock certificates necessary or appropriate to make all securities negotiable and complete any transaction here.in contemplated.

4. This escrow shall terminate upon vesting of the shares or upon the earlier return of the shares to the Company pursuant to the Company's Reacquisition Right or other forfeiture condition under the Plan.

5. If at the time of termination of this escrow you should have in your possession any documents, securities, or other property belonging to Recipient, you shall deliver all of same to any pledgee entitled thereto or, if none, to Recipient and shall be discharged of all further obligations hereunder.

6. Your duties hereunder may be altered, amended, modified or revoked only by a writing signed by all of the parties hereto.

7. You shall be obligated only for the performance of such duties as are specifically set forth herein and may rely and shall be protected in relying or refraining from acting on any instrument reasonably believed by you to be genuine and to have been signed or presented by the proper party or parties or their assignees. You shall not be personally liable for any act you may do or omit to do hereunder as Escrow Agent or as attorney-in-fact for Recipient while acting in good faith and any act done or omitted by you pursuant to the advice of your own attorneys shall be conclusive evidence of such good faith.

8. You are hereby expressly authorized to disregard any and all warnings given by any of the parties hereto or by any other person or corporation, excepting only orders or process of courts of law, and are hereby expressly authorized to comply with and obey orders, judgments or decrees of any court. In case you obey or comply with any such order, judgment or decree of any court, you shall not be liable to any of the parties hereto or to any other person, firm or corporation by reason of such compliance, notwithstanding any such order, judgment or decree being subsequently reversed, modified, annulled, set aside, vacated or found to have been entered without jurisdiction.

9. You shall not be liable in any respect on account of the identity, authority or rights of the parties executing or delivering or purporting to execute or deliver the Grant Notice or any documents or papers deposited or called for hereunder.

10. You shall not be liable for the outlawing of any rights under any statute of limitations with respect to these Joint Escrow Instructions or any documents deposited with you.

11. You shall be entitled to employ such legal counsel, including but not limited to Cooley LLP, and other experts as you may deem necessary properly to advise you in connection with your obligations hereunder, may rely upon the advice of such counsel, and may pay such counsel reasonable compensation therefor.

12. Your responsibilities as Escrow Agent hereunder shall terminate if you shall cease to be Secretary of the Company or if you shall resign by written notice to each party. In the event of any such termination, the Company may appoint any officer or assistant officer of the Company as successor Escrow Agent and Recipient hereby confirms the appointment of such successor or successors as his attorney-in-fact and agent to the full extent of your appointment.

13. If you reasonably require other or further instruments in connection with these Joint Escrow Instructions or obligations in respect hereto, the necessary parties hereto shall join in furnishing such instruments.

14. It is understood and agreed that should any dispute arise with respect to the delivery and/or ownership or right of possession of the securities, you may (but are not obligated to) retain in your possession without liability to anyone all or any part of said securities until such dispute shall have been settled either by mutual written agreement of the parties concerned or by a final order, decree or judgment of a court of competent jurisdiction after the time for appeal has expired and no appeal has been perfected, but you shall be under no duty whatsoever to institute or defend any such proceedings.

15. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in any United States Post Box, by registered or certified mail with postage and fees prepaid, addressed to each of the other parties hereunto entitled at the following addresses, or at such other addresses as a party may designate by ten (10) days' written notice to each of the other parties hereto:

COMPANY: AnaptysBio, Inc.
10835 Road To The Cure
San Diego, CA 92121
Attn: Chief Financial Officer

RECIPIENT:

ESCROW AGENT: AnaptysBio, Inc.
10835 Road To The Cure
San Diego, CA 92121
Attn: Corporate Secretary

16. By signing these Joint Escrow Instructions you become a party hereto only for the purpose of said Joint Escrow Instructions; you do not become a party to the Grant Notice.

17. This instrument shall be binding upon and inure to the benefit of the parties hereto, and their respective successors and permitted assigns. It is understood and agreed that references to "you" or "your" herein refer to the original Escrow Agent and to any and all successor Escrow Agents. It is understood and agreed that the Company may at any time or from time to time assign its rights under the Grant Notice and these Joint Escrow Instructions in whole or in part.

18. This Agreement shall be governed by and interpreted and determined in accordance with the laws of the State of Delaware, as such laws are applied by Delaware courts to contracts made and to be performed entirely in Delaware by residents of that state.

Very truly yours,

ANAPTYSBIO, INC.

By: _____
Chief Executive Officer

RECIPIENT

_____

ESCROW AGENT:

_____
Corporate Secretary

ANAPTYSBIO, INC.
EMPLOYMENT AGREEEMENT

This **EMPLOYMENT AGREEMENT** (this *"**Agreement**")* is made and entered into effective as of January 1, 2012 (the *"**Effective Date**")* by and among **ANAPTYSBIO, INC.** (the *"**Company**")* and Hamza Suria *("**Executive**").* The Company and Executive are hereinafter collectively referred to as the *"**Parties**"*, and individually referred to as a *"**Party**"*.

RECITAL

The Company desires to continue to employ Executive and Executive is willing to continue to accept such employment by Company, on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 Title. Effective as of the Effective Date, Executive's position shall be Chief Executive Officer and President of the Company, subject to the terms and conditions set forth in this Agreement. Executive shall also serve as a member of the Company's Board of Directors (the *"**Board**")* for so long as he continues to serve as Chief Executive Officer. At such time as Executive's service as Chief Executive Officer terminates, he agrees to immediately resign as a member of the Board.

1.2 Term. The term of this Agreement shall begin on the Effective Date and shall continue until it is terminated pursuant to Section 4 herein (the *"**Term**").*

1.3 Duties. Executive shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and that are normally associated with the position of Chief Executive Officer and President. Executive shall report to the Board.

1.4 Policies and Practices. The employment relationship between the Parties shall be governed by this Agreement and by the policies and practices established by the Company and/or the Board, or any designated committee thereof. In the event that the terms of this Agreement differ from or are in conflict with the Company's policies or practices or the Company's Employee Handbook, this Agreement shall control.

1.5 Location. Unless the Parties otherwise agree in writing, during the Term Executive shall perform the services Executive is required to perform pursuant to this Agreement at the Company's offices in San Diego, California, ***provided, however***, that the Company may

from time to time require Executive to travel temporarily to other locations in connection with the Company's business.

2. LOYALTY; NONCOMPETITION; NONSOLICITATION.

2.1 Loyalty. During Executive's employment with the Company, Executive shall devote Executive's full business energies, interest, abilities and productive time to the proper and efficient performance of Executive's duties under this Agreement.

2.2 Agreement not to participate in Company's Competitors. During Executive's employment with the Company, Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known by Executive to be adverse or antagonistic to the Company, its business, or prospects, financial or otherwise, or in any company, person, or entity that is, directly or indirectly, in competition with the business of the Company or any of its Affiliates (as defined below). Ownership by Executive, in professionally managed funds over which Executive does not have control or discretion in investment decisions, or as a passive investment, of less than two percent (2%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded on a national securities exchange or in the over-the-counter market shall not constitute a breach of this Section. For purposes of this Agreement, *"**Affiliate**,"* means, with respect to any specific entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified entity.

2.3 Covenant not to Compete. During Executive's employment with the Company, and during any post-termination period in which Executive is receiving severance benefits in accordance with Section 4.5 of this Agreement (the "Non-Compete Period"), Executive shall not engage in competition with the Company and/or any of its Affiliates in any manner or capacity, as adviser, principal, agent, affiliate, promoter, partner, officer, director, employee, stockholder, owner, co-owner, consultant, in any phase of the business of developing, manufacturing and marketing of products or services that directly compete with the products or services of the Company, except with the prior written consent of the Board. Executive shall be entitled to request written consent of the Board with respect to potential advisory and/or director opportunities presented to Executive by a third party, which Executive believes in good faith will not interfere or compete with the on-going business of the Company, during the Non-Compete Period.

3. COMPENSATION OF EXECUTIVE.

3.1 Base Salary. The Company shall pay Executive a base salary at the annualized rate of $285,000 (the *"**Base Salary**")*, less payroll deductions and all required withholdings, payable in regular periodic installments in accordance with the Company's normal payroll practices. The Base Salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year.

3.2 Discretionary Bonus. At the sole discretion of the Board, promptly following each calendar year of employment Executive shall be eligible to receive a discretionary cash bonus of up to 25% of Executive's then-current base salary (the *"**Bonus**")*, based on Executive's achievement relative to certain performance goals *("**Performance Goals**")* to be established by the Board in a manner reasonably consistent with the Company's priorities. The determination of whether Executive has met the Performance Goals for any given year, and if so, the amount of any Bonus that will be paid for such year (if any), shall be determined by the Board in its sole and absolute

discretion. In order to be eligible to earn or receive any Bonus, Executive must remain employed by the Company through and including the date of payment of such Bonus.

3.3 Stock Options.

3.3.l Time Vesting Option Grant. As soon as practicable following the Effective Date, Executive will be granted an option to purchase up to 1,499,684 shares of the Company's Common Stock (the *"**Base Option**")* pursuant to the terms of the Company's 2006 Equity Incentive Plan, as amended from time to time (the *"**Plan**")*, which Base Option, together with options to purchase up to 210,457 shares of Common Stock previously granted pursuant to the Plan to Executive, represents a number of shares of Common Stock equal to approximately 2.5% of the fully-diluted capitalization of the Company as of the Effective Date. For purposes of this Section 3.3, *"**fully-diluted capitalization of the Company**"* means (1) all issued and outstanding equity securities of the Company , (2) all shares issuable upon the conversion , exercise, or exchange of any outstanding options, warrants, or other convertible or exchangeable securities of the Company and (3) all shares reserved for future issuance pursuant to the Plan. The Base Option shall be subject to vesting such that, subject to Executive's continued employment with the Company, 1/4 of the shares subject to the Base Option shall vest as of the first anniversary of the Effective Date and 1/48th of the shares subject to the Base Option shall vest in equal monthly installments on the monthly anniversary of the Effective Date of each month for the 36 months thereafter. The exercise price per share of the Base Option will be equal to the fair market value of a single share of Common Stock on the date the Base Option is granted, as determined in good faith by the Board. The Base Option will be governed by the Plan and shall be granted pursuant to a separate stock option grant notice and stock option agreement. For clarity, any and all preferred shares of the Company purchased by Executive, prior to or following the Effective Date, are not included in the aforementioned consideration due to Executive.

3.3.2 Performance Option Grant. In addition to the grant set forth in Section 3.3.1 above, as soon as practicable following the Effective Date, Executive shall be granted an option to purchase up to 684,056 shares of the Company's Common Stock (the *"**Performance Option**")* pursuant to the terms of the Plan, which represents a number of shares of Common Stock equal to approximately 1% of the fully-diluted capitalization of the Company as of the Effective Date. 100% of the shares subject to the Performance Option shall vest upon the closing, during Executive's employment, of a Change in Control (as defined in the Plan) that is approved by the Board. The exercise price per share of the Performance Option will be equal to the fair market value of a single share of Common Stock on the date the Performance Option is granted, as determined in good faith by the Board. The Performance Option will be governed by the Plan and shall be granted pursuant to a separate stock option grant notice and stock option agreement.

3.4 Expense Reimbursements. The Company will reimburse Executive for all reasonable business expenses Executive incurs in conducting his duties hereunder, pursuant to the Company's usual expense reimbursement policies; provided that Executive supplies the appropriate substantiation for such expenses no later than the end of the calendar month following the month in which such expenses were incurred by Executive. Executive shall keep the Chairman of the Board (or equivalent) appraised of business expenses reimbursed by the Company to the Executive.

3.5 Changes to Compensation. Executive's compensation will be reviewed annually and may be changed from time to time in the Company's sole discretion. In particular, the parties agree to consider, as of the first anniversary of the Effective Date, increasing the Severance Payments (as defined under Section 4.5.3) due to Executive under Section 4.5, provided that any such increase shall be at the sole discretion of the Board.

3.6 Employment Taxes. All of Executive's compensation shall be subject to customary withholding taxes and any other employment taxes as are commonly required to be collected or withheld by the Company.

3.7 Benefits. Executive shall, in accordance with Company policy and the terms of the applicable plan documents, be eligible to participate in benefits under any benefit plan or arrangement that may be in effect from time to time and made available to the Company's senior management employees.

3.8 Holidays and Vacation. Executive shall be eligible for paid holiday and vacation time in accordance with Company policy as in effect from time to time.

4. TERMINATION.

4.1 Termination by the Company. Executive's employment with the Company is at will and may be terminated by the Company at any time and for any reason, or for no reason, including, but not limited to, under the following conditions:

4.1.1 Termination by the Company for Cause. The Company may terminate Executive's employment under this Agreement for "Cause" (as defined below) by delivery of written notice to Executive. Any notice of termination given pursuant to this section shall effect termination as of the date of the notice, or as of such other date specified in the notice.

4.1.2 Termination by the Company without Cause. The Company may terminate Executive's employment under this Agreement without Cause at any time and for any reason, or for no reason. Such termination shall be effective on the date Executive is so informed, or as otherwise specified by the Company.

4.2 Termination by Executive. Executive may terminate his employment with the Company at any time and for any reason, or for no reason, upon thirty (30) days written notice to the Company.

4.3 Termination for Death or Disability. Executive's employment with the Company shall automatically terminate effective upon the date of Executive's death or Disability (as defined in the Plan).

4.4 Termination by Mutual Agreement of the Parties. Executive's employment with the Company may be terminated at any time upon a mutual agreement in writing of the Parties. Any such termination of employment shall have the consequences specified in such agreement.

4.5 Compensation upon Termination.

4.5.1 Death or Disability. If Executive's employment is terminated by Death or Disability, the Company shall pay to Executive, or to Executive's heirs, Executive's base salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. The Company shall thereafter have no further obligations to Executive and/or Executive's heirs under this Agreement, except as otherwise provided by law.

4.5.2 Termination for Cause. If the Company terminates Executive's employment for Cause, and then the Company shall pay Executive's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. The Company shall thereafter have no further obligations to Executive under this Agreement, except as otherwise provided by law.

4.5.3 Termination by Company without Cause or by Executive for Good Reason Not In Connection with a Change in Control. If the Company terminates Executive's employment without Cause or if Executive resigns his employment for Good Reason, in either case at any time other than upon the occurrence of, or within the 13 months immediately following, the effective date of a Change in Control, the Company shall pay Executive's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, if Executive furnishes to the Company an executed waiver and release of claims in the form attached hereto as **Exhibit A** (or in such other form as may be specified by the Company) (the *"**Release**")* within the time period specified therein, but in no event later than 45 days following Executive's termination, and if Executive allows such Release to become effective in accordance with its terms, then (i) Executive shall be entitled to severance in the form of continuation of his base salary, at the base salary rate in effect at the time of termination (the *"**Severance Payments**")*, for a period of six months following the termination date (the *"**Severance Period**")*, and (ii) pay directly to the insurance provider the premium for COBRA continuation coverage for Executive and Executive's family during the Severance Period or until he obtains new employment, whichever comes first (the *"**COBRA Coverage**")*. The Severance Payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any Severance Payments otherwise

Scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date. The Company shall thereafter have no further obligations to Executive under this Agreement, except as otherwise provided by law.

4.5.4 Termination by Company Without Cause or by Executive for Good Reason In Connection with a Change in Control. If the Company terminates Executive's employment without Cause or if Executive resigns his employment for Good Reason, in either case upon the occurrence of, or within the 13 months immediately following, the effective date of a Change in Control, the Company shall pay Executive's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, if Executive furnishes to the Company an executed Release within the time period specified therein, but in no event later than 45 days following Executive's termination, and if Executive allows such Release to become effective in accordance with its terms, then Executive shall be entitled to: (1) the Severance Payments and COBRA coverage described in Section 4.5.3 above; and (2) accelerated vesting of any unvested shares subject to the Base Option such that Executive shall become vested in 100% of the shares subject to such Base Option on the effective date of the Release. The Company shall thereafter have no further obligations to Executive under this Agreement, except as otherwise provided by law.

4.6 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

4.6.1 Cause. *"**Cause**"* shall mean the occurrence of any one or more of the following: (i) Executive's commission of any crime involving fraud, dishonesty or moral turpitude; (ii) Executive's attempted commission of or participation in a fraud or act of dishonesty against the Company that results in (or might have reasonably resulted in) material harm to the business of the Company; (iii) Executive's intentional, material violation of any contract or agreement between Executive and the Company or any statutory duty Executive owes to the Company; or (iv) Executive's conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in (or might have reasonably resulted in) material harm to the business of the Company; *provided, however,* that the action or conduct described in clauses (iii) and (iv) above will constitute "Cause" only if such action or conduct continues after the Company has provided Executive with written notice thereof and thirty (30) days to cure, or otherwise remedy to the extent possible under direct control of the Executive, the same. An occurrence of "Cause" as set forth in the preceding sentence shall be based upon a good faith determination by the Board. Executive's Disability shall not constitute Cause as set forth herein. The determination that a termination is for Cause shall be by the Board in its sole and exclusive judgment and discretion.

4.6.2 *"**Good Reason**"* shall mean any of the following actions: (i) the assignment to Executive of any duties or responsibilities that results in a material diminution in Executive's function as in effect immediately prior to the effective date of the Change in Control; *provided, however,* that a change in Executive's title or reporting relationships shall not provide the basis for a voluntary termination with Good Reason; (ii) a reduction by the Company in Executive's annual base salary as in effect on the effective date of the Change in Control; *provided, however,* that Good Reason shall not be deemed to have occurred in the event of a

reduction in Executive's annual base salary that is pursuant to a salary reduction program affecting substantially all of the employees of the Company and that does not adversely affect Executive to a greater extent than other similarly situated employees; or (iii) a relocation of Executive's primary business office to a location more than 50 miles from the location of Executive's primary business office as of the effective date of the Change in Control, except for required travel by Executive on the Company's business to an extent substantially consistent with Executive's business travel obligations prior to the effective date of the Change in Control.

4.7 Survival of Certain Sections. Sections 2, 3.4 and 4 through 18 of this Agreement will survive the termination of this Agreement.

4.8 Parachute Payment. If any payment or benefit Executive would receive pursuant to this Agreement *("**Payment**")* would (i) constitute a *"**Parachute Payment**"* within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the *"**Code**"),* and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the *"**Excise Tax**"),* then such Payment shall be equal to the Reduced Amount. The *"**Reduced Amount**"* shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting Parachute Payments is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the manner that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata.

In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount (as determined pursuant to clause (x) in the preceding paragraph) is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined in accordance with clause (y) in the preceding paragraph, Executive will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

Unless Executive and the Company agree on an alternative accounting or law firm, the accounting firm then engaged by the Company for general tax compliance purposes shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized accounting, law or consulting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting, law or consulting firm required to be made hereunder.

The Company shall use commercially reasonable efforts such that the accounting, law or consulting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to Executive and the Company within 15 calendar days after the date on which Executive's right to a Payment is triggered (if requested at

that time by Executive or the Company) or such other time as requested by Executive or the Company.

4.9 Application of Internal Revenue Code Section 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Agreement (the ***"Severance Benefits"***) that constitute "deferred compensation" within the meaning of Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively ***"Section 409A"***) shall not commence in connection with Executive's termination of employment unless and until Executive has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section l.409A-l (h) ***("Separation From Service")***, unless the Company reasonably determines that such amounts may be provided to Executive without causing Executive to incur the additional 20% tax under Section 409A.

It is intended that each installment of the Severance Benefits payments provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation Section 1.409A- 2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the Severance Benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections l.409A-l(b)(4), l.409A-l(b)(5) and 1.409A-l (b)(9). However, if the Company (or, if applicable, the successor entity thereto) determines that the Severance Benefits constitute "deferred compensation" under Section 409A and Executive is, on the termination of service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefit payments shall be delayed until the earlier to occur of: (i) the date that is six months and one day after Executive's Separation From Service, or (ii) the date of Executive's death (such applicable date, the ***"Specified Employee Initial Payment Date"***), the Company (or the successor entity thereto, as applicable) shall (A) pay to Executive a lump sum amount equal to the sum of the Severance Benefit payments that Executive would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this Section and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedules set forth in this Agreement.

Notwithstanding anything to the contrary set forth herein, Executive shall receive the Severance Benefits described above, if and only if Executive duly executes and returns to the Company within the applicable time period set forth therein, but in no event more than forty-five days following Separation From Service, the Release and permits the Release to become effective in accordance with its terms. Notwithstanding any other payment schedule set forth in this Agreement, none of the Severance Benefits will be paid or otherwise delivered prior to the effective date of the Release. Except to the extent that payments may be delayed until the Specified Employee Initial Payment Date pursuant to the preceding paragraph, on the first regular payroll pay day following the effective date of the Release, the Company will pay Executive the Severance Benefits Executive would otherwise have received under the Agreement on or prior to such date but for the delay in payment related to the effectiveness of

the Release, with the balance of the Severance Benefits being paid as originally scheduled. All amounts payable under the Agreement will be subject to standard payroll taxes and deductions.

4.10 Nondisparagement. Executive agrees not to disparage the Company and its officers, directors, employees, shareholders and agents, in any manner likely to be harmful to them or their business, business reputations or personal reputations , and the Company agrees to direct its employees, officers, directors, shareholders and agents not to disparage Executive in any manner likely to be harmful to Executive reputation or future employment; provided that Company and Executive may respond accurately and fully to any question, inquiry or request for information when required by legal process or as part of a government investigation.

5. CONFIDENTIAL AND PROPRIETARY INFORMATION.

Executive has already executed, as a condition of Executive's employment with the Company, the Company's standard form of Proprietary Information and Inventions Agreement (the ***"PIIA"***). The PIIA remains in full force and effect.

6. ASSIGNMENT AND BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Because of the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company.

7. NOTICES.

All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or faxed during normal business hours or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

10421 Pacific Center Court, Suite 200 San
Diego, CA 92121
Attention: Chairman of the Board

If to Executive:

Hamza Suria

Any such written notice shall be deemed given on the earlier of the date on which such notice is personally delivered or three days after its deposit in the United States mail as specified above. Either Party may change its address for notices by giving notice to the other Party in the manner specified in this Section.

8. CHOICE OF LAW.

This Agreement shall be construed and interpreted in accordance with the internal laws of the State of California without regard to its conflict of laws principles.

9. INTEGRATION.

This Agreement, including **Exhibit A** and the PIIA, contains the complete, final and exclusive agreement of the Parties relating to the terms and conditions of Executive's employment and the termination of Executive's employment, and supersedes any and all prior and/or contemporaneous oral and written employment agreements or arrangements between the Parties.

10. AMENDMENT.

This Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company.

11. WAIVER.

No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the wavier is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

12. SEVERABILITY.

The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision, which most accurately represents the Parties' intention with respect to the invalid or unenforceable term, or provision.

13. INTERPRETATION; CONSTRUCTION.

The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but Executive has been encouraged to consult with, and has consulted with, Executive's own independent counsel and tax advisors with respect to the terms

of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

14. REPRESENTATIONS AND WARRANTIES.

Executive represents and warrants that Executive is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that Executive's execution and performance of this Agreement will not violate or breach any other agreements between Executive and any other person or entity.

15. COUNTERPARTS.

This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall contribute one and the same instrument.

16. ARBITRATION.

To ensure the rapid and economical resolution of disputes that may arise in connection with Executive's employment with the Company, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to Executive's employment, or the termination of that employment, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration pursuant to both the substantive and procedural provisions of the Federal Arbitration Act in San Diego, California conducted by the Judicial Arbitration and Mediation Services/Endispute, Inc. *("**JAMS**")*, or its successors, under the then current rules of JAMS for employment disputes; provided that the arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. Accordingly, Executive and the Company hereby waive any right to a jury trial. Both Executive and the Company shall be entitled to all rights and remedies that either Executive or the Company would be entitled to pursue in a court of law. The Company shall pay any JAMS filing fee and shall pay the arbitrator's fee. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute involving confidential, proprietary or trade secret information, or intellectual property rights, by Court action instead of arbitration.

17. TRADE SECRETS OF OTHERS.

It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its Affiliates seek to elicit from Executive any such information. Consistent with the foregoing,

Executive shall not provide to the Company and/or its Affiliates, and the Company and/or its Affiliates shall not request, any documents or copies of documents containing such information.

18. ADVERTISING WAIVER.

Executive agrees to permit the Company, and persons or other organizations authorized by the Company, to use, publish and distribute advertising or sales promotional literature concerning the products and/or services of the Company, or the machinery and equipment used in the provision thereof, in which Executive's name and/or pictures of Executive taken in the course of Executive's provision of services to the Company appear. Executive hereby waives and releases any claim or right Executive may otherwise have arising out of such use, publication or distribution.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates below.

ANAPTYSBIO, INC.

By: /s/ Carol B. Gallagher
Its: Executive Chair
Dated: 1/6/12

EXECUTIVE:

/s/ Hamza Suria
HAMZA SURIA

Dated: 01/06/2012

[SIGNATURE PAGE TO EMPLOYMENT AGREEMENT]

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

TO BE SIGNED ON OR FOLLOWING THE SEPARATION DATE ONLY

In consideration of the payments and other benefits set forth in the Employment Agreement effective January 1, 2012, to which this form is attached, I, Hamza Suria, hereby furnish **ANAPTYSBIO, INC.** (the *"**Company**"),* with the following release and waiver *("**Release and Waiver**").*

In exchange for the consideration provided to me by the Employment Agreement that I am not otherwise entitled to receive, I hereby generally and completely release the Company and its current and former directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns (collectively, the *"**Released Parties**")* from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date that I sign this Agreement (collectively, the *"**Released Claims**").* The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (b) all claims related to my compensation or benefits from the Company including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, misclassification, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the *"**ADEA**"),* the California Labor Code, and the California Fair Employment and Housing Act (as amended). Notwithstanding the foregoing, the following are not included in the Released Claims (the *"**Excluded Claims**"):* (a) any rights or claims for indemnification I may have pursuant to the charter or bylaws of the Company or under applicable law; (b) any rights or claims to unemployment compensation, funds accrued in my 401k account, or any vested equity incentives; (c) any rights that are not waivable as a matter of law; or (d) any claims arising from the breach of this Agreement. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I also acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: "**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**" I hereby expressly waive and relinquish all rights and benefits under that Section and any law of any jurisdiction, including New York, of similar effect with respect to any claims I may have against the Company.

I acknowledge that, among other rights, I am waiving and releasing any rights I may have under ADEA, that this Release and Waiver is knowing and voluntary, and that the consideration given for this Release and Waiver is in addition to anything of value to which I was already entitled as an executive of the Company. I further acknowledge that I have been advised, as required by the Older Workers Benefit Protection Act, that: (a) the release and waiver granted herein does not relate to claims under the ADEA which may arise after this Release and Waiver is executed; (b) I should consult with an attorney prior to executing this Release and Waiver; and (c) if I am age 40 or older at the time of execution of this release, I have 21 days from the date of termination of my employment with the Company in which to consider this Release and Waiver (although I may choose voluntarily to execute this Release and Waiver earlier); and (d) if I am age 40 or older at the time of execution of this release, I have seven days following the execution of this Release and Waiver to revoke my consent to this Release and Waiver and this Release and Waiver shall not be effective until the seven day revocation period has expired without my having previously revoked this Release and Waiver.

I agree not to disparage the Company and its officers, directors, employees, shareholders and/or agents, in any manner likely to be harmful to them or their business, business reputations or personal reputations; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

I acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement. Pursuant to the Proprietary Information and Inventions Agreement I understand that among other things, I must not use or disclose any confidential or proprietary information of the Company and I must immediately return all Company property and documents (including all embodiments of proprietary information) and all copies thereof in my possession or control. I understand and agree that my right to the severance pay I am receiving in exchange for my agreement to the terms of this Release and Waiver is contingent upon my continued compliance with my Proprietary Information and Inventions Agreement.

This Release and Waiver constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized officer of the Company.

Date:

By: _____
Hamza Suria

ANAPTYSBIO, INC.

AMENDMENT NO.1 TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This **AMENDMENT NO. 1 TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (this *"**Amendment**")* is entered into as of October 9, 2012, by and between **ANAPTYSBIO, INC**. (the *"**Company**"*) and Hamza Suria *("**Executive**").* Capitalized terms used but not defined herein shall have the meanings ascribed to them in that certain Amended and Restated Employment Agreement, dated June 27, 2012 and effective as of January 1, 2012, by and between the Company and Executive (the *"Agreement").*

RECITALS

WHEREAS, Section 10 of the Agreement provides that the Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company; and

WHEREAS, Executive and the Company desire to amend the Agreement as set forth herein.

AGREEMENT

In consideration of the foregoing recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. AMENDMENT OF SECTION 4.5.3. Section 4.5.3 of the Agreement is hereby amended by striking the reference to "six months" preceding the definition of "Severance Period" and replacing it with "12 months".

2. MISCELLANEOUS

2.1 This Amendment shall be construed and interpreted in accordance with the internal laws of the State of California without regard to its conflict of laws principles.

2.2 Except as set forth herein, the Agreement shall remain unchanged and in full force and effect in accordance with its terms.

2.3 This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Facsimile and electronic signatures shall be as effective as original signatures.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first set forth above.

ANAPTYSBIO, INC.

By: /s/ Carol B. Gallagher
Its: Executive Chair

EXECUTIVE:

/s/ Hamza Suria
HAMZA SURIA

[SIGNATURE PAGE TO AMENDMENT NO. 1 TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT]

ANAPTYSBIO, INC.

AMENDMENT NO. 2
TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amendment No. 2 to Amended and Restated Employment Agreement (this "***Amendment***") is entered into as of September 16th, 2014, by and between AnaptysBio, Inc., a Delaware corporation (the "***Company***"), and Hamza Suria (the "***Executive***") and amends that certain Amended and Restated Employment Agreement dated as of June 27, 2012 and amended by that certain Amendment No. 1 to Amended and Restated Employment Agreement dated as of October 9, 2012, by and between the Company and the Executive (as amended, the "***Employment Agreement***").

WHEREAS, pursuant to the Employment Agreement, the Executive is entitled to a bonus payment calculated based upon the Executive's achievement of certain objectives as determined from time-to-time by the Company's Board of Directors (the "***Performance Option***");

WHEREAS, the Company and the Executive hereby wish to amend the Employment Agreement to provide for vesting acceleration of the Performance Option upon an initial public offering; and

WHEREAS, Section 10 of the Employment Agreement provides that the Employment Agreement cannot be amended or modified except by a written agreement signed by the Executive and the Company.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned consent to this Amendment as follows:

1. AMENDMENT OF AGREEMENT.

1.1 Amendment of Section 3.3.2. Section 3.3.2 of the Employment Agreement is hereby amended and restated in its entirety to read as follows:

"**3.3.2 Performance Option Grant.** In addition to the grant set forth in Section 3.3.1 above, as soon as practicable following the Effective Date, Executive shall be granted an option to purchase up to 684,056 shares of the Company's Common Stock (the "***Performance Option***") pursuant to the terms of the Plan, which represents a number of shares of Common Stock equal to approximately 1% of the fully-diluted capitalization of the Company as of the Effective Date. 100% of the shares subject to the Performance Option shall vest upon the closing, during Executive's employment, of a Change in Control (as defined in the Plan) that is approved by the Board or a Qualified IPO (as defined in the Company's current Amended and Restated Certificate of Incorporation). The exercise price per share of the Performance Option will be equal to the fair market value of a single share of Common Stock on the date the Performance Option is granted, as determined in good faith by the Board. The Performance Option will be governed by the Plan and shall be granted pursuant to a separate stock option grant notice and stock option agreement."

2. MISCELLANEOUS.

2.1 The terms and provisions of the Employment Agreement shall remain in full force and effect except as specifically modified by this Amendment. On and after the date hereof, each reference in the Employment Agreement to "this Agreement", "hereof," "herein," "hereto," "herewith," "hereunder"

and any other words of similar import shall, unless otherwise stated, be construed to refer to the Employment Agreement as amended by this Amendment.

2.2 This Amendment may be executed in counterparts and delivered by facsimile or any similar electronic transmission device, all of which shall be considered one and the same agreement.

2.3 This Amendment and all acts and transactions pursuant hereto and the rights and obligations of the parties to the Employment Agreement, as amended hereby, will be governed, construed and interpreted in accordance with the laws of the State of California, without giving effect to principles of conflicts of law.

2.4 This Amendment, together with the Employment Agreement, as amended, and all exhibits hereto and thereto represent the entire agreement of the parties with respect to the subject matter herein.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

COMPANY:

ANAPTYSBIO, INC.

By: /s/ Carol G. Gallagher
Name: Carol G. Gallagher
Its: Chairman

[Signature Page to Amendment No. 2 to Employment Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

EXECUTIVE:

/s/ Hamza Suria
Hamza Suria

[Signature Page to Amendment No. 2 to Employment Agreement]

Exhibit 10.6

ANAPTYSBIO, INC.

EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this *"**Agreement**")* is made and entered into effective as of January 1, 2012 (the *"**Effective Date**")* by and among **ANAPTYSBIO, INC.** (the *"**Company**")* and David King *("**Executive**").* The Company and Executive are hereinafter collectively referred to as the *"**Parties**"*, and individually referred to as a *"**Party**"*.

RECITAL

The Company desires to continue to employ Executive and Executive is willing to continue to accept such employment by Company, on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 Title. Effective as of the Effective Date, Executive's position shall be Chief Scientific Officer of the Company, subject to the terms and conditions set forth in this Agreement.

1.2 Term. The term of this Agreement shall begin on the Effective Date and shall continue until it is terminated pursuant to Section 4 herein (the *"**Term**").*

1.3 Duties. Executive shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and that are normally associated with the position of Chief Scientific Officer. Executive shall report to the Chief Executive Officer.

1.4 Policies and Practices. The employment relationship between the Parties shall be governed by this Agreement and by the policies and practices established by the Company and/or the Company's Board of Directors (the *"**Board**")*, or any designated committee thereof. In the event that the terms of this Agreement differ from or are in conflict with the Company's policies or practices or the Company's Employee Handbook, this Agreement shall control.

1.5 Location. Unless the Parties otherwise agree in writing, during the Term Executive shall perform the services Executive is required to perform pursuant to this Agreement at the Company's offices in San Diego, California, ***provided, however***, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company's business.

2. LOYALTY; NONCOMPETITION; NONSOLICITATION.

2.1 Loyalty. During Executive's employment with the Company, Executive shall devote Executive's full business energies, interest, abilities and productive time to the proper and efficient performance of Executive's duties under this Agreement.

2.2 Agreement not to Participate in Company's Competitors. During Executive's employment with the Company, Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known by Executive to be adverse or antagonistic to the Company, its business, or prospects, financial or otherwise, or in any company, person, or entity that is, directly or indirectly, in competition with the business of the Company or any of its Affiliates (as defined below). Ownership by Executive, in professionally managed funds over which Executive does not have control or discretion in investment decisions, or as a passive investment, of less than two percent (2%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded on a national securities exchange or in the over-the-counter market shall not constitute a breach of this Section. For purposes of this Agreement, *"**Affiliate**,"* means, with respect to any specific entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified entity.

2.3 Covenant not to Compete. During Executive's employment with the Company, and during any post-termination period in which Executive is receiving severance benefits from the Company, Executive shall not engage in competition with the Company and/or any of its Affiliates, either directly or indirectly, in any manner or capacity, as adviser, principal, agent, affiliate, promoter, partner, officer, director, employee, stockholder, owner, co-owner, consultant, or member of any association or otherwise, in any phase of the business of developing, manufacturing and marketing of products or services that are in the same field of use or which otherwise compete with the products or services of the Company, except with the prior written consent of the Board.

3. COMPENSATION OF EXECUTIVE.

3.1 Base Salary. The Company shall pay Executive a base salary at the annualized rate of $275,000 (the *"**Base Salary**")*, less payroll deductions and all required withholdings, payable in regular periodic installments in accordance with the Company's normal payroll practices. The Base Salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year.

3.2 Discretionary Bonus. At the sole discretion of the Board, following each calendar year of employment Executive shall be eligible to receive a discretionary cash bonus of up to 20% of Executive's then-current base salary (the *"**Bonus**")*, based on Executive's achievement relative to certain performance goals *("**Performance Goals**")* to be established by the Board. The determination of whether Executive has met the Performance Goals for any given year, and if so, the amount of any Bonus that will be paid for such year (if any), shall be determined by the Board in its sole and absolute discretion. In order to be eligible to earn or

receive any Bonus; Executive must remain employed by the Company through and including the date of payment of such Bonus.

3.3 Expense Reimbursements. The Company will reimburse Executive for all reasonable business expenses Executive incurs in conducting his duties hereunder, pursuant to the Company's usual expense reimbursement policies; provided that Executive supplies the appropriate substantiation for such expenses no later than the end of the calendar month following the month in which such expenses were incurred by Executive.

3.4 Changes to Compensation. Executive's compensation will be reviewed annually and may be changed from time to time in the Company's sole discretion.

3.5 Employment Taxes. All of Executive's compensation shall be subject to customary withholding taxes and any other employment taxes as are commonly required to be collected or withheld by the Company.

3.6 Benefits. Executive shall, in accordance with Company policy and the terms of the applicable plan documents, be eligible to participate in benefits under any benefit plan or arrangement that may be in effect from time to time and made available to the Company's senior management employees.

3.7 Holidays and Vacation. Executive shall be eligible for paid holiday and vacation time in accordance with Company policy as in effect from time to time.

4. TERMINATION.

4.1 Termination by the Company. Executive's employment with the Company is at will and may be terminated by the Company at any time and for any reason, or for no reason, including, but not limited to, under the following conditions:

4.1.1 Termination by the Company for Cause. The Company may terminate Executive's employment under this Agreement for "**Cause**" (as defined below) by delivery of written notice to Executive. Any notice of termination given pursuant to this section shall effect termination as of the date of the notice, or as of such other date specified in the notice.

4.1.2 Termination by the Company without Cause. The Company may terminate Executive's employment under this Agreement without Cause at any time and for any reason, or for no reason. Such termination shall be effective on the date Executive is so informed, or as otherwise specified by the Company.

4.2 Termination by Executive. Executive may terminate his employment with the Company at any time and for any reason, or for no reason, upon thirty (30) days written notice to the Company.

4.3 Termination for Death or Disability. Executive's employment with the Company shall automatically terminate effective upon the date of Executive's death or Disability (as defined in the Plan).

4.4 Termination by Mutual Agreement of the Parties. Executive's employment with the Company may be terminated at any time upon a mutual agreement in writing of the Parties. Any such termination of employment shall have the consequences specified in such agreement.

4.5 Compensation upon Termination.

4.5.1 Death or Disability. If Executive's employment is terminated by death or Disability, the Company shall pay to Executive, or to Executive's heirs, Executive's base salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. The Company shall thereafter have no further obligations to Executive and/or Executive's heirs under this Agreement, except as otherwise provided by law.

4.5.2 Termination For Cause. If the Company terminates Executive's employment for Cause, then the Company shall pay Executive's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. The Company shall thereafter have no further obligations to Executive under this Agreement, except as otherwise provided by law.

4.5.3 Termination by Company Without Cause or by Executive for Good Reason Not In Connection with a Change in Control. If the Company terminates Executive's employment without Cause or if Executive resigns his employment for Good Reason, in either case at any time other than upon the occurrence of, or within the 13 months immediately following, the effective date of a Change in Control, the Company shall pay Executive's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, if Executive furnishes to the Company an executed waiver and release of claims in the form attached hereto as **Exhibit A** (or in such other form as may be specified by the Company) (the *"**Release**")* within the time period specified therein, but in no event later than 45 days following Executive's termination, and if Executive allows such Release to become effective in accordance with its terms, then (i) Executive shall be entitled to severance in the form of continuation of his base salary, at the rate in effect at the time of termination (the *"**Severance Payments**")*, for a period of six months following the termination date (the *"**Severance Period**")*, and (ii) pay directly to the insurance provider the premium for COBRA continuation coverage for Executive and Executive's family during the Severance Period or until he obtains new employment, whichever comes first (the *"**COBRA Coverage**")*. The Severance Payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any Severance Payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date. The Company shall thereafter have no further obligations to Executive under this Agreement, except as otherwise provided by law.

4.5.4 Termination by Company Without Cause or by Executive for Good Reason In Connection with a Change in Control. If the Company terminates Executive's employment without Cause or if Executive resigns his employment for Good Reason, in either case upon the occurrence of, or within the 13 months immediately following,

the effective date of a Change in Control, the Company shall pay Executive's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, if Executive furnishes to the Company an executed Release within the time period specified therein, but in no event later than 45 days following Executive's termination, and if Executive allows such Release to become effective in accordance with its terms, then Executive shall be entitled to: (1) the Severance Payments and COBRA coverage described in Section 4.5.3 above; and (2) accelerated vesting of any unvested shares subject to the Base Option such that Executive shall become vested in 100% of the shares subject to such Base Option on the effective date of the Release. The Company shall thereafter have no further obligations to Executive under this Agreement, except as otherwise provided by law.

4.6 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

4.6.1 Cause. "***Cause***" shall mean the occurrence of any one or more of the following: (i) Executive's commission of any crime involving fraud, dishonesty or moral turpitude; (ii) Executive's attempted commission of or participation in a fraud or act of dishonesty against the Company that results in (or might have reasonably resulted in) material harm to the business of the Company; (iii) Executive's intentional, material violation of any contract or agreement between Executive and the Company or any statutory duty Executive owes to the Company; or (iv) Executive's conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in (or might have reasonably resulted in) material harm to the business of the Company; *provided*, *however*, that the action or conduct described in clauses (iii) and (iv) above will constitute "Cause" only if such action or conduct continues after the Company has provided Executive with written notice thereof and thirty (30) days to cure the same. An occurrence of "Cause" as set forth in the preceding sentence shall be based upon a good faith determination by the Board. Executive's Disability shall not constitute Cause as set forth herein. The determination that a termination is for Cause shall be by the Board in its sole and exclusive judgment and discretion.

4.6.2 "**Good Reason**" shall mean any of the following actions: (i) the assignment to Executive of any duties or responsibilities that results in a material diminution in Executive's function as in effect immediately prior to the effective date of the Change in Control; *provided*, *however*, that a change in Executive's title or reporting relationships shall not provide the basis for a voluntary termination with Good Reason; (ii) a reduction by the Company in Executive's annual base salary as in effect on the effective date of the Change in Control; *provided*, *however*, that Good Reason shall not be deemed to have occurred in the event of a reduction in Executive's annual base salary that is pursuant to a salary reduction program affecting substantially all of the employees of the Company and that does not adversely affect Executive to a greater extent than other similarly situated employees; or (iii) a relocation of Executive's primary business office to a location more than 50 miles from the location of Executive's primary business office as of the effective date of the Change in Control, except for required travel by Executive on the Company's business to an extent substantially consistent with Executive's business travel obligations prior to the effective date of the Change in Control.

4.7 Survival of Certain Sections. Sections 2, 3.4 and 4 through 18 of this Agreement will survive the termination of this Agreement.

4.8 Parachute Payment. If any payment or benefit Executive would receive pursuant to this Agreement *("**Payment**")* would (i) constitute a *"**Parachute Payment**"* within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the *"**Code**")*, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the *"**Excise Tax**")*, then such Payment shall be equal to the Reduced Amount. The *"**Reduced Amount**"* shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting Parachute Payments is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the manner that results in the greatest economic benefit for Executive. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata.

In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount (as determined pursuant to clause (x) in the preceding paragraph) is subject to the Excise Tax, Executive agrees to promptly return to the Company a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined in accordance with clause (y) in the preceding paragraph, Executive will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

Unless Executive and the Company agree on an alternative accounting or law firm, the accounting firm then engaged by the Company for general tax compliance purposes shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized accounting, law or consulting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting, law or consulting firm required to be made hereunder.

The Company shall use commercially reasonable efforts such that the accounting, law or consulting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to Executive and the Company within 15 calendar days after the date on which Executive's right to a Payment is triggered (if requested at that time by Executive or the Company) or such other time as requested by Executive or the Company.

4.9 Application of Internal Revenue Code Section 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Agreement (the *"**Severance Benefits**")* that constitute "deferred compensation" within the meaning of Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively *"**Section 409A**")* shall not commence in connection with Executive's termination of employment unless and until Executive has also incurred a

"separation from service" (as such term is defined in Treasury Regulation Section 1.409A-l (h) *("**Separation From Service**"),* unless the Company reasonably determines that such amounts may be provided to Executive without causing Executive to incur the additional 20% tax under Section 409A.

It is intended that each installment of the Severance Benefits payments provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation Section 1.409A- 2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the Severance Benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-l (b)(4), l.409A-l (b)(5) and 1.409A-l (b)(9). However, if the Company (or, if applicable, the successor entity thereto) determines that the Severance Benefits constitute "deferred compensation" under Section 409A and Executive is, on the termination of service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefit payments shall be delayed until the earlier to occur of: (i) the date that is six months and one day after Executive's Separation From Service, or (ii) the date of Executive's death (such applicable date, the *"**Specified Employee Initial Payment Date**"),* the Company (or the successor entity thereto, as applicable) shall (A) pay to Executive a lump sum amount equal to the sum of the Severance Benefit payments that Executive would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this Section and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedules set forth in this Agreement.

Notwithstanding anything to the contrary set forth herein, Executive shall receive the Severance Benefits described above, if and only if Executive duly executes and returns to the Company within the applicable time period set forth therein, but in no event more than forty-five days following Separation From Service, the Release and permits the Release to become effective in accordance with its terms. Notwithstanding any other payment schedule set forth in this Agreement, none of the Severance Benefits will be paid or otherwise delivered prior to the effective date of the Release. Except to the extent that payments may be delayed until the Specified Employee Initial Payment Date pursuant to the preceding paragraph, on the first regular payroll pay day following the effective date of the Release, the Company will pay Executive the Severance Benefits Executive would otherwise have received under the Agreement on or prior to such date but for the delay in payment related to the effectiveness of the Release, with the balance of the Severance Benefits being paid as originally scheduled. All amounts payable under the Agreement will be subject to standard payroll taxes and deductions.

5. CONFIDENTIAL AND PROPRIETARY INFORMATION.

Executive has already executed, as a condition of Executive's employment with the Company, the Company's standard form of Proprietary Information and Inventions Agreement (the *"**PIIA**").* The PIIA remains in full force and effect.

6. ASSIGNMENT AND BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Because of the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company.

7. NOTICES.

All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or faxed during normal business hours or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

10421 Pacific Center Court, Suite 200
San Diego, CA 92121
Attention: Chairman of the Board

If to Executive:

David King

Any such written notice shall be deemed given on the earlier of the date on which such notice is personally delivered or three days after its deposit in the United States mail as specified above. Either Party may change its address for notices by giving notice to the other Party in the manner specified in this Section.

8. CHOICE OF LAW.

This Agreement shall be construed and interpreted in accordance with the internal laws of the State of California without regard to its conflict of laws principles.

9. INTEGRATION.

This Agreement, including **Exhibit A** and the PIIA, contains the complete, final and exclusive agreement of the Parties relating to the terms and conditions of Executive's employment and the termination of Executive's employment, and supersedes any and all prior

and/or contemporaneous oral and written employment agreements or arrangements between the Parties.

10. AMENDMENT.

This Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company.

11. WAIVER.

No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the wavier is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

12. SEVERABILITY.

The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision, which most accurately represents the Parties' intention with respect to the invalid or unenforceable term, or provision.

13. INTERPRETATION; CONSTRUCTION.

The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but Executive has been encouraged to consult with, and has consulted with, Executive's own independent counsel and tax advisors with respect to the terms of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

14. REPRESENTATIONS AND WARRANTIES.

Executive represents and warrants that Executive is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that Executive's execution and performance of this Agreement will not violate or breach any other agreements between Executive and any other person or entity.

15. COUNTERPARTS.

This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall contribute one and the same instrument.

16. ARBITRATION.

To ensure the rapid and economical resolution of disputes that may arise in connection with Executive's employment with the Company, Executive and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to Executive's employment, or the termination of that employment, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration pursuant to both the substantive and procedural provisions of the Federal Arbitration Act in San Diego, California conducted by the Judicial Arbitration and Mediation Services/Undisputed, Inc. *("**JAMS**")*, or its successors, under the then current rules of JAMS for employment disputes; provided that the arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. Accordingly, Executive and the Company hereby waive any right to a jury trial. Both Executive and the Company shall be entitled to all rights and remedies that either Executive or the Company would be entitled to pursue in a

court of law. The Company shall pay any JAMS filing fee and shall pay the arbitrator's fee. Nothing in this Agreement is intended to prevent either Executive or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, Executive and the Company each have the right to resolve any issue or dispute involving confidential, proprietary or trade secret information, or intellectual property rights, by Court action instead of arbitration.

17. TRADE SECRETS OF OTHERS.

It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its Affiliates seek to elicit from Executive any such information. Consistent with the foregoing, Executive shall not provide to the Company and/or its Affiliates, and the Company and/or its Affiliates shall not request, any documents or copies of documents containing such information.

18. ADVERTISING WAIVER.

Executive agrees to permit the Company, and persons or other organizations authorized by the Company, to use, publish and distribute advertising or sales promotional literature concerning the products and/or services of the Company, or the machinery and equipment used in the provision thereof, in which Executive's name and/or pictures of Executive taken in the course of Executive's provision of services to the Company appear. Executive hereby waives and releases any claim or right Executive may otherwise have arising out of such use, publication or distribution.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates below.

ANAPTYSBIO, INC.

By: /s/ Hamza Suria
HAMZA SURIA
Its: President & CEO
Dated: January 6th 2012

EXECUTIVE:

/s/ David King
DAVID KING

Dated: 6th January 2012

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

TO BE SIGNED ON OR FOLLOWING THE SEPARATION DATE ONLY

In consideration of the payments and other benefits set forth in the Employment Agreement effective January 1, 2012, to which this form is attached, I, David King, hereby furnish **ANAPTYSBIO, INC.** (the *"**Company**"),* with the following release and waiver *("**Release and Waiver**").*

In exchange for the consideration provided to me by the Employment Agreement that I am not otherwise entitled to receive, I hereby generally and completely release the Company and its current and former directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns (collectively, the *"**Released Parties**")* from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date that I sign this Agreement (collectively, the *"**Released Claims**").* The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (b) all claims related to my compensation or benefits from the Company including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, misclassification, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the *"**ADEA**"),* the California Labor Code, and the California Fair Employment and Housing Act (as amended). Notwithstanding the foregoing, the following are not included in the Released Claims (the *"**Excluded Claims**"):* (a) any rights or claims for indemnification I may have pursuant to the charter or bylaws of the Company or under applicable law; (b) any rights or claims to unemployment compensation, funds accrued in my 401k account, or any vested equity incentives; (c) any rights that are not waivable as a matter of law; or (d) any claims arising from the breach of this Agreement. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I also acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: "**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**" I hereby expressly waive and relinquish all rights and benefits under that Section and any law of any jurisdiction, including New York, of similar effect with respect to any claims I may have against the Company.

I acknowledge that, among other rights, I am waiving and releasing any rights I may have under ADEA, that this Release and Waiver is knowing and voluntary, and that the consideration given for this Release and Waiver is in addition to anything of value to which I was already entitled as an executive of the Company. I further acknowledge that I have been advised, as required by the Older Workers Benefit Protection Act, that: (a) the release and waiver granted herein does not relate to claims under the ADEA which may arise after this Release and Waiver is executed; (b) I should consult with an attorney prior to executing this Release and Waiver; and (b) if I am age 40 or older at the time of execution of this release, I have 21 days from the date of termination of my employment with the Company in which to consider this Release and Waiver (although I may choose voluntarily to execute this Release and Waiver earlier); and (d) if I am age 40 or older at the time of execution of this release, I have seven days following the execution of this Release and Waiver to revoke my consent to this Release and Waiver and this Release and Waiver shall not be effective until the seven day revocation period has expired without my having previously revoked this Release and Waiver.

I agree not to disparage the Company and its officers, directors, employees, shareholders and/or agents, in any manner likely to be harmful to them or their business, business reputations or personal reputations; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or. other similar compulsion of law) or as part of a government investigation.

I acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement. Pursuant to the Proprietary Information and Inventions Agreement I understand that among other things, I must not use or disclose any confidential or proprietary information of the Company and I must immediately return all Company property and documents (including all embodiments of proprietary information) and all copies thereof in my possession or control. I understand and agree that my right to the severance pay I am receiving in exchange for my agreement to the terms of this Release and Waiver is contingent upon my continued compliance with my Proprietary Information and Inventions Agreement.

This Release and Waiver constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized officer of the Company.

Date: _____ By: _____

David King

ANAPTYSBIO, INC.

AMENDMENT NO. 1 TO
EMPLOYMENT AGREEMENT

This **AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT** (this "***Amendment***") is entered into as of October 4th, 2012, by and between **ANAPTYSBIO, INC.** (the "***Company***") and David King ("***Executive***"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in that certain Employment Agreement, dated January 1, 2012, by and between the Company and the Executive (the "***Agreement***").

RECITALS

WHEREAS, Section 10 of the Agreement provides that the Agreement cannot be amended or modified except by a written agreement signed by Executive and the Company; and

WHEREAS, Executive and the Company desire to amend the Agreement as set forth herein.

AGREEMENT

In consideration of the foregoing recitals the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. AMENDMENT OF SECTION 4.5.3. Section 4.5.3. of the Agreement is hereby amended by striking the reference to "six months" preceding the definition of "Severance Period" and replacing it with "nine months".

2. MISCELLANEOUS

2.1 This Amendment shall be construed and interpreted in accordance with the internal laws of the State of California without regard to its conflict of laws principles.

2.2 Except as set forth herein, the Agreement shall remain unchanged and in full force and effect in accordance with its terms.

2.3 This Amendment may be executed in counterparts, each of which shall be deemed an original, and a11 of which together shall constitute one and the same instrument. Facsimile and electronic signatures shall be as effective as original signatures.

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IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first set forth above.

ANAPTYSBIO, INC.

By: /s Hamza Suria
Its: President & CEO

EXECUTIVE:

/s/ David King
DAVID KING

[SIGNATURE PAGE TO AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT]

CONSULTING AGREEMENT

This Consulting Agreement ("***Agreement***") is entered into as of May 1, 2015 (the "***Effective Date***"), between AnaptysBio, Inc. ("***Company***"), and David King ("***Consultant***").

Company and Consultant desire to have Consultant perform services for Company, subject to and in accordance with the terms and conditions of this Agreement.

THEREFORE, the parties agree as follows:

1. SERVICES

1.1 Performance of Services. Consultant will perform the services described in Exhibit A (the "***Services***") in accordance with the terms and conditions set forth in this Agreement.

2. COMPENSATION

2.1 Compensation. As Consultant's sole compensation for the performance of Services, Company shall modify the Consultant's stock option grants as reflected in Exhibit A.

3. RELATIONSHIP OF THE PARTIES

3.1 Independent Contractor. Consultant is an independent contractor and nothing in this Agreement will be construed as establishing an employment or agency relationship between Company and Consultant. Consultant has no authority to bind Company by contract or otherwise. Consultant will perform Services under the general direction of Company, but Consultant will determine, in Consultant's sole discretion, the manner and means by which Services are accomplished, subject to the requirement that Consultant will at all times comply with applicable law.

3.2 Taxes and Employee Benefits. Consultant will report to all applicable government agencies as income all compensation received by Consultant pursuant to this Agreement. Consultant will be solely responsible for payment of all withholding taxes, social security, workers' compensation, unemployment and disability insurance or similar items required by any government agency. Consultant will indemnify and hold Company harmless from and against all damages, liabilities, losses, penalties, fines, expenses and costs (including reasonable fees and expenses of attorneys and other professionals) arising out of or relating to any obligation imposed by law on Company to pay any withholding taxes, social security, unemployment or disability insurance or similar items in connection with compensation received by Consultant pursuant to this Agreement.

3.3 Liability Insurance. Consultant acknowledges that Company will not carry any liability insurance on behalf of Consultant. Consultant will maintain in force adequate liability insurance to protect Consultant from claims of personal injury (or death) or tangible or intangible property damage (including loss of use) that arise out of any act or omission of Consultant.

4. OWNERSHIP

4.1 Disclosure of Work Product. Consultant will, as an integral part of its performance of Services, disclose in writing to Company all inventions, products, designs, drawings, notes, documents, information, documentation, improvements, works of authorship, processes, techniques, know-how, algorithms, specifications, hardware, circuits, computer programs, databases, user interfaces, encoding techniques, and other materials of any kind that Consultant may make, conceive, develop or reduce to practice, alone or jointly with others, in connection with performing Services, or that result from or that are related to such Services, whether or not they are eligible for patent, copyright, mask work, trade secret, trademark or

other legal protection (collectively, "***Consultant Work Product***"). Consultant Work Product includes without limitation any deliverables that Consultant delivers to Company pursuant to Section 1.3.

4.2 Ownership of Consultant Work Product. Consultant and Company agree that, to the fullest extent permitted by applicable law, each item of Consultant Work Product will be a work made for hire owned exclusively by Company. Consultant agrees that, regardless of whether an item of Consultant Work Product is a work made for hire, all Consultant Work Product will be the sole and exclusive property of Company. Consultant hereby irrevocably transfers and assigns to Company, and agrees to irrevocably transfer and assign to Company, all right, title and interest in and to the Consultant Work Product, including all worldwide patent rights (including patent applications and disclosures), copyright rights, mask work rights, trade secret rights, know-how, and any and all other intellectual property or proprietary rights (collectively, "***Intellectual Property Rights***") therein. At Company's request and expense, during and after the term of this Agreement, Consultant will assist and cooperate with Company in all respects, and will execute documents, and will take such further acts reasonably requested by Company to enable Company to acquire, transfer, maintain, perfect and enforce its Intellectual Property Rights and other legal protections for the Consultant Work Product. Consultant hereby appoints the officers of Company as Consultant's attorney-in-fact to execute documents on behalf of Consultant for this limited purpose.

4.3 Moral Rights. To the fullest extent permitted by applicable law, Consultant also hereby irrevocably transfers and assigns to Company, and agrees to irrevocably transfer and assign to Company, and waives and agrees never to assert, any and all Moral Rights (as defined below) that Consultant may have in or with respect to any Consultant Work Product, during and after the term of this Agreement. "***Moral Rights***" mean any rights to claim authorship of a work, to object to or prevent the modification or destruction of a work, to withdraw from circulation or control the publication or distribution of a work, and any similar right, existing under judicial or statutory law of any country in the world, or under any treaty, regardless of whether or not such right as called or generally referred to as a "moral right."

4.4 Related Rights. To the extent that Consultant owns or controls (presently or in the future) any patent rights, copyright rights, mask work rights, trade secret rights, or any other intellectual property or proprietary rights that may block or interfere with, or may otherwise be required for, the exercise by Company of the rights assigned to Company under this Agreement (collectively, "***Related Rights***"), Consultant hereby grants or will cause to be granted to Company a non-exclusive, royalty-free, irrevocable, perpetual, transferable, worldwide license (with the right to sublicense) to make, have made, use, offer to sell, sell, import, copy, modify, create derivative works based upon, distribute, sublicense, display, perform and transmit any products, software, hardware, methods or materials of any kind that are covered by such Related Rights, to the extent necessary to enable Company to exercise all of the rights assigned to Company under this Agreement.

5. CONFIDENTIAL INFORMATION

For purposes of this Agreement, "***Confidential Information***" means and will include: (i) any information, materials or knowledge regarding Company and its business, financial condition, products, programming techniques, customers, suppliers, technology or research and development that is disclosed to Consultant or to which Consultant has access in connection with performing Services; (ii) the Consultant Work Product; and (iii) the terms and conditions of this Agreement. Confidential Information will not

include any information that: (a) is or becomes part of the public domain through no fault of Consultant; (b) was rightfully in Consultant's possession at the time of disclosure, without restriction as to use or disclosure; or (c) Consultant rightfully receives from a third party who has the right to disclose it and who provides it without restriction as to use or disclosure. Consultant agrees to hold all Confidential Information in strict confidence, not to use it in any way, commercially or otherwise, except in performing Services, and not to disclose it to others. Consultant further agrees to take all actions reasonably necessary to protect the confidentiality of all Confidential Information including, without limitation, implementing and enforcing procedures to minimize the possibility of unauthorized use or disclosure of Confidential Information.

6. WARRANTIES

6.1 No Pre-existing Obligations. Consultant represents and warrants that Consultant has no pre-existing obligations or commitments (and will not assume or otherwise undertake any obligations or commitments) that would be in conflict or inconsistent with or that would hinder Consultant's performance of its obligations under this Agreement.

6.2 Performance Standard. Consultant represents and warrants that Services will be performed in a thorough and professional manner, consistent with high professional and industry standards by individuals with the requisite training, background, experience, technical knowledge and skills to perform Services.

6.3 Non-infringement. Consultant represents and warrants that the Consultant Work Product will not infringe, misappropriate or violate the rights of any third party, including, without limitation, any Intellectual Property Rights or any rights of privacy or rights of publicity, except to the extent any portion of the Consultant Work Product is created, developed or supplied by Company or by a third party on behalf of Company.

6.4 Competitive Activities. During the term of this Agreement, Consultant will not, directly or indirectly, in any individual or representative capacity, engage or participate in or provide services to any business that is competitive with the types and kinds of business being conducted by Company.

6.5 Non-Solicitation of Personnel. During the term of this Agreement and for a period of one (1) year thereafter, Consultant will not directly or indirectly solicit the services of any Company employee or consultant for Consultant's own benefit or for the benefit of any other person or entity.

7. INDEMNITY

Consultant will defend, indemnify and hold Company harmless from and against all claims, damages, liabilities, losses, expenses and costs (including reasonable fees and expenses of attorneys and other professionals) arising out of or resulting from:

(a) any action by a third party against Company that is based on a claim that any Services performed under this Agreement, or the results of such Services (including any Consultant Work Product), or Company's use thereof, infringe, misappropriate or violate such third party's Intellectual Property Rights; and

(b) any action by a third party against Company that is based on any act or omission of Consultant and that results in: (i) personal injury (or death) or tangible or intangible property damage (including loss of use); or (ii) the violation of any statute, ordinance, or regulation.

8. TERM AND TERMINATION

8.1 Term. This Agreement will commence on the Effective Date and, unless terminated

earlier in accordance with the terms of this Agreement, will remain in force and effect for one year, until April 30, 2016 (the "***Term***"), provided, however, that this Agreement may be renewed by the Company for successive one (1) year periods, provided that the Company gives Consultant written notice of its intention to renew at least thirty (30) days prior to the end of the applicable one-year period and Consultant consents in writing to such extension.

8.2 Termination for Breach. Either party may terminate this Agreement (including all Statements of Work) if the other party breaches any material term of this Agreement and fails to cure such breach within thirty (30) days following written notice thereof from the non-breaching party.

8.3 Termination for Convenience. Company may terminate this Agreement (including all Statements of Work) at any time, for any reason or no reason, upon at least ten (10) days written notice to Consultant.

8.4 Effect of Termination. Upon the expiration or termination of this Agreement for any reason: (i) Consultant will promptly deliver to Company all Consultant Work Product, including all work in progress on any Consultant Work Product not previously delivered to Company, if any; (ii) Consultant will promptly deliver to Company all Confidential Information in Consultant's possession or control; and (iii) Company will pay Consultant any accrued but unpaid fees due and payable to Consultant pursuant to Section 2.

8.5 Survival. The rights and obligations of the parties under Sections 2, 3.2, 3.3, 4, 5, 6.5, 6.6, 7, 8.4, 8.5, 9 and 10 will survive the expiration or termination of this Agreement.

9. LIMITATION OF LIABILITY

9.1 IN NO EVENT WILL COMPANY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES OF ANY KIND IN CONNECTION WITH THIS AGREEMENT, EVEN IF COMPANY HAS BEEN INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES.

10. GENERAL

10.1 Assignment. Consultant may not assign or transfer this Agreement, in whole or in part, without Company's express prior written consent. Any attempt to assign this Agreement, without such consent, will be void. Subject to the foregoing, this Agreement will bind and benefit the parties and their respective successors and assigns.

10.2 No Election of Remedies. Except as expressly set forth in this Agreement, the exercise by Company of any of its remedies under this Agreement will not be deemed an election of remedies and will be without prejudice to its other remedies under this Agreement or available at law or in equity or otherwise.

10.3 Equitable Remedies. Because the Services are personal and unique and because Consultant will have access to Confidential Information of Company, Company will have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without having to post a bond or other consideration, in addition to all other remedies that Company may have for a breach of this Agreement at law or otherwise.

10.4 Attorneys' Fees. If any action is necessary to enforce the terms of this Agreement, the substantially prevailing party will be entitled to reasonable attorneys' fees, costs and expenses in addition to any other relief to which such prevailing party may be entitled.

10.5 Governing Law. This Agreement will be governed by and construed in accordance with

the laws of the State of California, excluding its body of law controlling conflict of laws. Any legal action or proceeding arising under this Agreement will be brought exclusively in the federal or state courts located in the Northern District of California and the parties irrevocably consent to the personal jurisdiction and venue therein.

10.6 Severability. If any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement will remain in full force and effect, and the provision affected will be construed so as to be enforceable to the maximum extent permissible by law.

10.7 Waiver. The failure by either party to enforce any provision of this Agreement will not constitute a waiver of future enforcement of that or any other provision.

10.8 Notices. All notices required or permitted under this Agreement will be in writing, will reference this Agreement, and will be deemed given: (i) when delivered personally; (ii) one (1) business day after deposit with a nationally-recognized express courier, with written confirmation of receipt; or (iii) three (3) business days after having been sent by registered or certified mail, return receipt requested, postage prepaid. All such notices will be sent to the addresses set forth above or to such other address as may be specified by either party to the other party in accordance with this Section.

10.9 Entire Agreement. This Agreement, together with Exhibit A, constitutes the complete and exclusive understanding and agreement of the parties with respect to its subject matter and supersedes all prior understandings and agreements, whether written or oral, with respect to its subject matter. Any waiver, modification or amendment of any provision of this Agreement will be effective only if in writing and signed by the parties hereto.

10.10 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

COMPANY:

By: /s/ Hamza Suria

Name: Hamza Suria

Title: President & Chief Executive Officer

Date: May 1st, 2015

CONSULTANT:

By: /s/ David King

Name: David King

Date: 5th May 2015

EXHIBIT A

STATEMENT OF WORK AND COMPENSATION

This Statement of Work is issued under and subject to all of the terms and conditions of the Consulting Agreement dated as of May 1, 2015, between AnaptysBio, Inc. (the "***Company***") and David King ("***Consultant***").

1. **Description of Services**:

Consultant will provide services as a member of the Company's Scientific Advisory Board as mutually determined by the Company and Consultant.

2. **Modification of Stock Option Grants**:

Pursuant to the terms of the Stock Option Agreements by and between you and the Company and the Company's 2006 Equity Incentive Plan (such agreements and plan hereafter collectively referred to as the "***Option Agreements***"), you were granted options to purchase an aggregate total of 1,333,077 shares of the Company's Common Stock (the "***Options***"). As of the Separation Date, the Options have vested as to 1,111,979 shares (the "***Vested Shares***"), and remain unvested as to 221,098 shares (the "***Unvested Shares***"). With respect to the Options, you have exercised none of the Vested Shares leaving 1,111,979 unexercised Vested Shares (the "***Unexercised Vested Shares***"). Because your employment is terminating as of May 1st 2015, none of the Unvested Shares would ever vest. However, as compensation for the Services above, the Option will continue to vest under its original vesting schedule during the Term. Per the Option Agreement, you will have three (3) months following the termination of the Term to exercise any then-unexercised vested shares under the Option Agreements. After this date, you will no longer have a right to exercise the Options as to any shares. **However, please note that (i) if you do not exercise the Unexercised Vested Shares within three (3) months of the Separation Date, the Unexercised Vested Shares will cease to have Incentive Stock Option (ISO) status, and will instead be considered Nonqualified Stock Options (NSO); and (ii) any shares that vest during the term of the Consultancy will be NSOs, regardless of when they are exercised. Please consult your accountant or tax advisor with respect to this matter.**

AGREED AS OF MAY 1, 2015

COMPANY:

By: /s/Hamza Suria

Name: Hamza Suria

Title: President & Chief Executive Officer

Date: May 19th 2015

CONSULTANT:

By: /s/ David King

Name: David King

Date: 5th May 2015

ANAPTYSBIO, INC.
EMPLOYMENT AGREEMENT

This **EMPLOYMENT AGREEMENT** (this "***Agreement***") is made effective from October 20, 2014 (the "***Effective Date***") by and among **ANAPTYSBIO, INC.** (the "***Company***") and Marco Londei ("***CDO***"). The Company and CDO are hereinafter collectively referred to as the "***Parties***", and individually referred to as a "***Party***".

RECITAL

The Company desires to continue to employ CDO and CDO is willing to continue to accept such employment by Company, on the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

In consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 Title. Effective as of the Effective Date, CDO's position shall be Chief Development Officer of the Company, subject to the terms and conditions set forth in this Agreement.

1.2 Term. The term of this Agreement shall begin on the Effective Date and shall continue until it is terminated pursuant to Section 4 herein (the "***Term***").

1.3 Duties. CDO shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and that are normally associated with the position of Chief Development Officer. CDO shall report to the Chief Executive Officer.

1.4 Policies and Practices. The employment relationship between the Parties shall be governed by this Agreement and by the policies and practices established by the Company and/or the Board, or any designated committee thereof. In the event that the terms of this Agreement differ from or are in conflict with the Company's policies or practices or the Company's Employee Handbook, this Agreement shall control.

1.5 Location. Unless the Parties otherwise agree in writing, during the Term CDO shall perform the services CDO is required to perform pursuant to this Agreement at the Company's offices in San Diego, California, ***provided, however,*** that the Company may from time to time require CDO to travel temporarily to other locations in connection with the Company's business.

2. LOYALTY; NONCOMPETITION; NONSOLICITATION.

2.1 Loyalty. During CDO's employment with the Company, CDO shall devote CDO's full business energies, interest, abilities and productive time to the proper and efficient performance of CDO's duties under this Agreement.

2.2 Agreement not to Participate in Company's Competitors. During CDO's employment with the Company, CDO agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest known by CDO to be adverse or antagonistic to the Company, its business, or prospects, financial or otherwise, or in any company, person, or entity that is, directly or indirectly, in competition with the business of the Company or any of its Affiliates (as defined below). Ownership by CDO, in professionally managed funds over which CDO does not have control or discretion in investment decisions, or as a passive investment, of less than two percent (2%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded on a national securities exchange or in the over-the-counter market shall not constitute a breach of this Section. For purposes of this Agreement, "***Affiliate***," means, with respect to any specific entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified entity.

2.3 Covenant not to Compete. During CDO's employment with the Company, CDO shall not engage in competition with the Company and/or any of its Affiliates in any manner or capacity, as adviser, principal, agent, affiliate, promoter, partner, officer, director, employee, stockholder, owner, co-owner, consultant, in any phase of the business of developing, manufacturing and marketing of products or services that directly compete with the products or services of the Company, except with the prior written consent of the Board. CDO shall be entitled to request written consent of the Board with respect to potential advisory and/or director opportunities presented to CDO by a third party, which CDO believes in good faith will not interfere or compete with the on-going business of the Company, during CDO's employment.

3. COMPENSATION OF CDO.

3.1 Base Salary. The Company shall pay CDO a base salary at the annualized rate of $350,000 (the "***Base Salary***"), less payroll deductions and all required withholdings, payable in regular periodic installments in accordance with the Company's normal payroll practices. The Base Salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year.

3.2 Discretionary Bonus. At the sole discretion of the Board and Chief Executive Officer, promptly following each calendar year of employment CDO shall be eligible to receive a discretionary cash bonus of up to 25% of CDO's then-current base salary (the "***Bonus***"), based on CDO's achievement relative to certain performance goals ("***Performance Goals***") to be established by the Chief Executive Officer in writing in a manner reasonably consistent with the Company's priorities. The determination of whether CDO has met the Performance Goals for any given year, and if so, the amount of any Bonus that will be paid for

such year (if any), shall be determined by the Board and Chief Executive Officer in their sole and absolute discretion. In order to be eligible to earn or receive any Bonus, CDO must remain employed by the Company through and including the date of payment of such Bonus.

3.3 Additional Discretionary Bonus(es). CDO shall be eligible to receive to following additional performance-based cash bonuses as determined by the Board and Chief Executive Officer in their sole and absolute discretion.

3.4 Stock Option. As soon as practicable following the Effective Date, CDO will be granted an option to purchase up to 1,126,756 shares of the Company's Common Stock (the "Base Option") pursuant to the terms of the Company's 2006 Equity Incentive Plan, as amended from time to time (the "***Plan***"). For purposes of this Section 3.3, "***fully-diluted capitalization of the Company***" means (1) all issued and outstanding equity securities of the Company, (2) all shares issuable upon the conversion, exercise, or exchange of any outstanding options, warrants, or other convertible or exchangeable securities of the Company and (3) all shares reserved for future issuance pursuant to the Plan. The Base Option shall be subject to vesting such that, subject to CDO's continued employment with the Company, 1/4 of the shares subject to the Base Option shall vest as of the first anniversary of the Effective Date and 1/48th of the shares subject to the Base Option shall vest in equal monthly installments on the monthly anniversary of the Effective Date of each month for the 36 months thereafter. The exercise price per share of the Base Option will be equal to the fair market value of a single share of Common Stock on the date the Base Option is granted, as determined in good faith by the Board. The Base Option will be governed by the Plan and shall be granted pursuant to a separate stock option grant notice and stock option agreement. For clarity, any and all preferred shares of the Company purchased by CDO, prior to or following the Effective Date, are not included in the aforementioned consideration due to CDO.

3.5 Expense Reimbursements. The Company will reimburse CDO for all reasonable business expenses CDO incurs in conducting his duties hereunder, pursuant to the Company's usual expense reimbursement policies; provided that CDO supplies the appropriate substantiation for such expenses no later than the end of the calendar month following the month in which such expenses were incurred by CDO.

3.6 Changes to Compensation. CDO's compensation will be reviewed annually and may be changed from time to time in the Company's sole discretion.

3.7 Employment Taxes. All of CDO's compensation shall be subject to customary withholding taxes and any other employment taxes as are commonly required to be collected or withheld by the Company.

3.8 Benefits. CDO shall, in accordance with Company policy and the terms of the applicable plan documents, be eligible to participate in benefits under any benefit plan or arrangement that may be in effect from time to time and made available to the Company's senior management employees.

3.9 Holidays and Vacation. CDO shall be eligible for paid holiday and vacation time in accordance with Company policy as in effect from time to time.

4. TERMINATION.

4.1 Termination by the Company. CDO's employment with the Company is at will and may be terminated by the Company at any time and for any reason, or for no reason, including, but not limited to, under the following conditions:

4.1.1 Termination by the Company for Cause. The Company may terminate CDO's employment under this Agreement for "Cause" (as defined below) by delivery of written notice to CDO. Any notice of termination given pursuant to this section shall effect termination as of the date of the notice, or as of such other date specified in the notice.

4.1.2 Termination by the Company without Cause. The Company may terminate CDO's employment under this Agreement without Cause at any time and for any reason, or for no reason. Such termination shall be effective on the date CDO is so informed, or as otherwise specified by the Company.

4.2 Termination by CDO. CDO may terminate his employment with the Company at any time and for any reason, or for no reason, upon thirty (30) days written notice to the Company.

4.3 Termination for Death or Disability. CDO's employment with the Company shall automatically terminate effective upon the date of CDO's death or Disability (as defined in the Plan).

4.4 Termination by Mutual Agreement of the Parties. CDO's employment with the Company may be terminated at any time upon a mutual agreement in writing of the Parties. Any such termination of employment shall have the consequences specified in such agreement.

4.5 Compensation upon Termination.

4.5.1 Death or Disability. If CDO's employment is terminated by death or Disability, the Company shall pay to CDO, or to CDO's heirs, CDO's base salary and accrued and unused vacation benefits earned through the date of termination at the rate in effect at the time of termination, less standard deductions and withholdings. The Company shall thereafter have no further obligations to CDO and/or CDO's heirs under this Agreement, except as otherwise provided by law.

4.5.2 Termination For Cause. If the Company terminates CDO's employment for Cause, then the Company shall pay CDO's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. The Company shall thereafter have no further obligations to CDO under this Agreement, except as otherwise provided by law.

4.5.3 Termination by Company Without Cause or by CDO for Good Reason Not In Connection with a Change in Control. If the Company terminates CDO's employment without Cause or if CDO resigns his employment for Good Reason, in either case at any time other than upon the occurrence of, or within the 13 months immediately following, the effective date of a Change in Control, the Company shall pay CDO's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, if CDO furnishes to the Company an executed waiver and release of claims in the form attached hereto as **Exhibit A** (or in such other form as may be specified by the Company) (the "***Release***") within the time period specified therein, but in no event later than 45 days following CDO's termination, and if CDO allows such Release to become effective in accordance with its terms, then (i) CDO shall be entitled to severance in the form of continuation of his base salary, at the base salary rate in effect at the time of termination (the "***Severance Payments***"), for a period of nine months following the termination date (the "***Severance Period***"), and (ii) the Company will pay directly to the insurance provider the premium for COBRA continuation coverage for CDO and CDO's family during the Severance Period or until he obtains new employment, whichever comes first (the ***"COBRA Coverage"***). The Severance Payments will be subject to standard payroll deductions and withholdings and will be made on the Company's regular payroll cycle, provided, however, that any Severance Payments otherwise scheduled to be made prior to the effective date of the Release shall accrue and be paid in the first payroll period that follows such effective date. The Company shall thereafter have no further obligations to CDO under this Agreement, except as otherwise provided by law.

4.5.4 Termination by Company Without Cause or by CDO for Good Reason In Connection with a Change in Control. If the Company terminates CDO's employment without Cause or if CDO resigns his employment for Good Reason, in either case upon the occurrence of, or within the 13 months immediately following, the effective date of a Change in Control, the Company shall pay CDO's base salary and accrued and unused vacation benefits earned through the date of termination, at the rate in effect at the time of termination, less standard deductions and withholdings. In addition, if CDO furnishes to the Company an executed Release within the time period specified therein, but in no event later than 45 days following CDO's termination, and if CDO allows such Release to become effective in accordance with its terms, then CDO shall be entitled to: (1) the Severance Payments and COBRA coverage described in Section 4.5.3 above and (2) accelerated vesting of any unvested shares subject to the Base Option such that CDO shall become vested in 100% of the shares subject to such Base Option on the effective date of the Release. The Company shall thereafter have no further obligations to CDO under this Agreement, except as otherwise provided by law.

4.6 Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

4.6.1 Cause. "***Cause***" shall mean the occurrence of any one or more of the following: (i) CDO's commission of any crime involving fraud, dishonesty or moral turpitude; (ii) CDO's attempted commission of or participation in a fraud or act of dishonesty against the Company that results in (or might have reasonably resulted in) material harm to the business of the Company; (iii) CDO's intentional, material violation of any contract or

agreement between CDO and the Company or any statutory duty CDO owes to the Company; or (iv) CDO's conduct that constitutes gross insubordination, incompetence or habitual neglect of duties and that results in (or might have reasonably resulted in) material harm to the business of the Company; *provided, however*, that the action or conduct described in clauses (iii) and (iv) above will constitute "Cause" only if such action or conduct continues after the Company has provided CDO with written notice thereof and thirty (30) days to cure, or otherwise remedy to the extent possible under direct control of the CDO, the same. An occurrence of "Cause" as set forth in the preceding sentence shall be based upon a good faith determination by the Board. CDO's Disability shall not constitute Cause as set forth herein. The determination that a termination is for Cause shall be by the Board in its sole and exclusive judgment and discretion.

4.6.2 "***Good Reason***" shall mean any of the following actions: (i) the assignment to CDO of any duties or responsibilities that results in a material diminution in CDO's function as in effect immediately prior to the effective date of the Change in Control; provided, however, that a change in CDO's title or reporting relationships shall not provide the basis for a voluntary termination with Good Reason; (ii) a reduction by the Company in CDO's annual base salary as in effect on the effective date of the Change in Control; provided, however, that Good Reason shall not be deemed to have occurred in the event of a reduction in CDO's annual base salary that is pursuant to a salary reduction program affecting substantially all of the employees of the Company and that does not adversely affect CDO to a greater extent than other similarly situated employees; or (iii) a relocation of CDO's primary business office to a location more than 50 miles from the location of CDO's primary business office as of the effective date of the Change in Control, except for required travel by CDO on the Company's business to an extent substantially consistent with CDO's business travel obligations prior to the effective date of the Change in Control.

4.7 Survival of Certain Sections. Sections 2, 3.4 and 4 through 18 of this Agreement will survive the termination of this Agreement.

4.8 Parachute Payment. If any payment or benefit CDO would receive pursuant to this Agreement (***"Payment"***) would (i) constitute a "***Parachute Payment***" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "***Code***"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then such Payment shall be equal to the Reduced Amount. The "***Reduced Amount***" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in CDO's receipt, on an after-tax basis, of the greatest economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting Parachute Payments is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the manner that results in the greatest economic benefit for CDO. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata.

In the event it is subsequently determined by the Internal Revenue Service that some portion of the Reduced Amount (as determined pursuant to clause (x) in the preceding paragraph) is subject to the Excise Tax, CDO agrees to promptly return to the Company a sufficient amount of the Payment so that no portion of the Reduced Amount is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount is determined in accordance with clause (y) in the preceding paragraph, CDO will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

Unless CDO and the Company agree on an alternative accounting or law firm, the accounting firm then engaged by the Company for general tax compliance purposes shall perform the foregoing calculations. If the accounting firm so engaged by the Company is serving as accountant or auditor for the individual, entity or group effecting the Change in Control, the Company shall appoint a nationally recognized accounting, law or consulting firm to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting, law or consulting firm required to be made hereunder.

The Company shall use commercially reasonable efforts such that the accounting, law or consulting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to CDO and the Company within 15 calendar days after the date on which CDO's right to a Payment is triggered (if requested at that time by CDO or the Company) or such other time as requested by CDO or the Company.

4.9 Application of Internal Revenue Code Section 409A. Notwithstanding anything to the contrary set forth herein, any payments and benefits provided under this Agreement (the "***Severance Benefits***") that constitute "deferred compensation" within the meaning of Section 409A of the Code and the regulations and other guidance thereunder and any state law of similar effect (collectively "***Section 409A***") shall not commence in connection with CDO's termination of employment unless and until CDO has also incurred a "separation from service" (as such term is defined in Treasury Regulation Section 1.409A-1(h) ("***Separation From Service***"), unless the Company reasonably determines that such amounts may be provided to CDO without causing CDO to incur the additional 20% tax under Section 409A.

It is intended that each installment of the Severance Benefits payments provided for in this Agreement is a separate "payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). For the avoidance of doubt, it is intended that payments of the Severance Benefits set forth in this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A provided under Treasury Regulation Sections 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9). However, if the Company (or, if applicable, the successor entity thereto) determines that the Severance Benefits constitute "deferred compensation" under Section 409A and CDO is, on the termination of service, a "specified employee" of the Company or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i) of the Code, then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the Severance Benefit payments shall be delayed until the earlier to occur of: (i) the date that is six months and one day after CDO's Separation From Service, or (ii) the date of CDO's death (such applicable date, the "***Specified Employee Initial Payment Date***"), the Company (or the successor entity thereto, as applicable)

shall (A) pay to CDO a lump sum amount equal to the sum of the Severance Benefit payments that CDO would otherwise have received through the Specified Employee Initial Payment Date if the commencement of the payment of the Severance Benefits had not been so delayed pursuant to this Section and (B) commence paying the balance of the Severance Benefits in accordance with the applicable payment schedules set forth in this Agreement.

Notwithstanding anything to the contrary set forth herein, CDO shall receive the Severance Benefits described above, if and only if CDO duly executes and returns to the Company within the applicable time period set forth therein, but in no event more than forty-five days following Separation From Service, the Release and permits the Release to become effective in accordance with its terms. Notwithstanding any other payment schedule set forth in this Agreement, none of the Severance Benefits will be paid or otherwise delivered prior to the effective date of the Release. Except to the extent that payments may be delayed until the Specified Employee Initial Payment Date pursuant to the preceding paragraph, on the first regular payroll pay day following the effective date of the Release, the Company will pay CDO the Severance Benefits CDO would otherwise have received under the Agreement on or prior to such date but for the delay in payment related to the effectiveness of the Release, with the balance of the Severance Benefits being paid as originally scheduled. All amounts payable under the Agreement will be subject to standard payroll taxes and deductions.

5. CONFIDENTIAL AND PROPRIETARY INFORMATION.

CDO has already executed, as a condition of CDO's employment with the Company, the Company's standard form of Proprietary Information and Inventions Agreement (the "***PIIA***"). The PIIA remains in full force and effect.

6. ASSIGNMENT AND BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of CDO and CDO's heirs, executors, personal representatives, assigns, administrators and legal representatives. Because of the unique and personal nature of CDO's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by CDO. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. Any such successor of the Company will be deemed substituted for the Company under the terms of this Agreement for all purposes. For this purpose, "successor" means any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company.

7. NOTICES.

All notices or demands of any kind required or permitted to be given by the Company or CDO under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or faxed during normal business hours or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

10421 Pacific Center Court, Suite 200
San Diego, CA 92121
Attention: Chief Executive Officer

If to CDO:

Marco Londei

Any such written notice shall be deemed given on the earlier of the date on which such notice is personally delivered or three days after its deposit in the United States mail as specified above. Either Party may change its address for notices by giving notice to the other Party in the manner specified in this Section.

8. CHOICE OF LAW.

This Agreement shall be construed and interpreted in accordance with the internal laws of the State of California without regard to its conflict of laws principles.

9. INTEGRATION.

This Agreement, including **Exhibit A** and the PIIA, contains the complete, final and exclusive agreement of the Parties relating to the terms and conditions of CDO's employment and the termination of CDO's employment, and supersedes any and all prior and/or contemporaneous oral and written employment agreements or arrangements between the Parties.

10. AMENDMENT.

This Agreement cannot be amended or modified except by a written agreement signed by CDO and the Company.

11. WAIVER.

No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the wavier is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

12. SEVERABILITY.

The finding by a court of competent jurisdiction of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or

provision, which most accurately represents the Parties' intention with respect to the invalid or unenforceable term, or provision.

13. INTERPRETATION; CONSTRUCTION.

The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but CDO has been encouraged to consult with, and has consulted with, CDO's own independent counsel and tax advisors with respect to the terms of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

14. REPRESENTATIONS AND WARRANTIES.

CDO represents and warrants that CDO is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that CDO's execution and performance of this Agreement will not violate or breach any other agreements between CDO and any other person or entity.

15. COUNTERPARTS.

This Agreement may be executed in two counterparts, each of which shall be deemed an original, all of which together shall contribute one and the same instrument.

16. ARBITRATION.

To ensure the rapid and economical resolution of disputes that may arise in connection with CDO's employment with the Company, CDO and the Company agree that any and all disputes, claims, or causes of action, in law or equity, arising from or relating to CDO's employment, or the termination of that employment, will be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration pursuant to both the substantive and procedural provisions of the Federal Arbitration Act in San Diego, California conducted by the Judicial Arbitration and Mediation Services/Endispute, Inc. ("***JAMS***"), or its successors, under the then current rules of JAMS for employment disputes; provided that the arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written arbitration decision including the arbitrator's essential findings and conclusions and a statement of the award. Accordingly, CDO and the Company hereby waive any right to a jury trial. Both CDO and the Company shall be entitled to all rights and remedies that either CDO or the Company would be entitled to pursue in a court of law. The Company shall pay any JAMS filing fee and shall pay the arbitrator's fee. Nothing in this Agreement is intended to prevent either CDO or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Notwithstanding the foregoing, CDO and the Company each

have the right to resolve any issue or dispute involving confidential, proprietary or trade secret information, or intellectual property rights, by Court action instead of arbitration.

17. TRADE SECRETS OF OTHERS.

It is the understanding of both the Company and CDO that CDO shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including CDO's former employers, nor shall the Company and/or its Affiliates seek to elicit from CDO any such information. Consistent with the foregoing, CDO shall not provide to the Company and/or its Affiliates, and the Company and/or its Affiliates shall not request, any documents or copies of documents containing such information.

18. ADVERTISING WAIVER.

CDO agrees to permit the Company, and persons or other organizations authorized by the Company, to use, publish and distribute advertising or sales promotional literature concerning the products and/or services of the Company, or the machinery and equipment used in the provision thereof, in which CDO's name and/or pictures of CDO taken in the course of CDO's provision of services to the Company appear. CDO hereby waives and releases any claim or right CDO may otherwise have arising out of such use, publication or distribution.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates below.

ANAPTYSBIO, INC.

By: /s/ Hamza Suria
Its: President & CEO

Dated: July 8th 2015

CDO:

/s/ Marco Londei
MARCO LONDEI

Dated: July 8th 2015

[SIGNATURE PAGE TO EMPLOYMENT AGREEMENT]

EXHIBIT A

RELEASE AND WAIVER OF CLAIMS

TO BE SIGNED ON OR FOLLOWING THE SEPARATION DATE ONLY

In consideration of the payments and other benefits set forth in the Employment Agreement effective , 2015, to which this form is attached, I, Marco Londei, hereby furnish **ANAPTYSBIO, INC.** (the ***"Company"***), with the following release and waiver (***"Release and Waiver"***).

In exchange for the consideration provided to me by the Employment Agreement that I am not otherwise entitled to receive, I hereby generally and completely release the Company and its current and former directors, officers, employees, stockholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns (collectively, the "***Released Parties***") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date that I sign this Agreement (collectively, the "***Released Claims***"). The Released Claims include, but are not limited to: (a) all claims arising out of or in any way related to my employment with the Company, or the termination of that employment; (b) all claims related to my compensation or benefits from the Company including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; (c) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (d) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (e) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, misclassification, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), the federal Americans with Disabilities Act of 1990, the federal Age Discrimination in Employment Act of 1967 (as amended) (the "***ADEA***"), the California Labor Code, and the California Fair Employment and Housing Act (as amended). Notwithstanding the foregoing, the following are not included in the Released Claims (the "***Excluded Claims***"): (a) any rights or claims for indemnification I may have pursuant to the charter or bylaws of the Company or under applicable law; (b) any rights or claims to unemployment compensation, funds accrued in my 401k account, or any vested equity incentives; (c) any rights that are not waivable as a matter of law; or (d) any claims arising from the breach of this Agreement. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or might have against any of the Released Parties that are not included in the Released Claims.

I also acknowledge that I have read and understand Section 1542 of the California Civil Code which reads as follows: "**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**" I hereby expressly waive and relinquish all rights and benefits under that Section and any law of any jurisdiction, including New York, of similar effect with respect to any claims I may have against the Company.

I acknowledge that, among other rights, I am waiving and releasing any rights I may have under ADEA, that this Release and Waiver is knowing and voluntary, and that the consideration given for this Release and Waiver is in addition to anything of value to which I was already entitled as an executive of the Company. I further acknowledge that I have been advised, as required by the Older Workers Benefit Protection Act, that: (a) the release and waiver granted herein does not relate to claims under the ADEA which may arise after this Release and Waiver is executed; (b) I should consult with an attorney prior to executing this Release and Waiver; and (c) if I am age 40 or older at the time of execution of this release, I have 21 days from the date of termination of my employment with the Company in which to consider this Release and Waiver (although I may choose voluntarily to execute this Release and Waiver earlier); and (d) if I am age 40 or older at the time of execution of this release, I have seven days following the execution of this Release and Waiver to revoke my consent to this Release and Waiver and this Release and Waiver shall not be effective until the seven day revocation period has expired without my having previously revoked this Release and Waiver.

I agree not to disparage the Company and its officers, directors, employees, shareholders and/or agents, in any manner likely to be harmful to them or their business, business reputations or personal reputations; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process (e.g., a valid subpoena or other similar compulsion of law) or as part of a government investigation.

I acknowledge my continuing obligations under my Proprietary Information and Inventions Agreement. Pursuant to the Proprietary Information and Inventions Agreement I understand that among other things, I must not use or disclose any confidential or proprietary information of the Company and I must immediately return all Company property and documents (including all embodiments of proprietary information) and all copies thereof in my possession or control. I understand and agree that my right to the severance pay I am receiving in exchange for my agreement to the terms of this Release and Waiver is contingent upon my continued compliance with my Proprietary Information and Inventions Agreement.

This Release and Waiver constitutes the complete, final and exclusive embodiment of the entire agreement between the Company and me with regard to the subject matter hereof. I am not relying on any promise or representation by the Company that is not expressly stated herein. This Release and Waiver may only be modified by a writing signed by both me and a duly authorized officer of the Company.

Date: _____

By: _____
Marco Londei

Exhibit 10.9

OFFICE LEASE

KILROY REALTY

PACIFIC CORPORATE CENTER

KILROY REALTY, L.P.,

a Delaware limited partnership,

as Landlord,

and

ANAPTYSBIO, INC.,

a Delaware corporation,

as Tenant.

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PACIFIC CORPORATE CENTER

OFFICE LEASE

This Office Lease (the "**Lease**"), dated as of the date (the "**Effective Date**") set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between KILROY REALTY, L.P., a Delaware limited partnership ("**Landlord**"), and ANAPTYSBIO, INC., a Delaware corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

	TERMS OF LEASE	DESCRIPTION
1.	Effective Date:	April 19, 2011.
2.	Premises:	
	2.1 Building:	That certain building located at 10421 Pacific Center Court, San Diego, California 92121, containing a total of 75,745 rentable square feet of space.
	2.2 Premises:	Approximately 25,296 rentable square feet of space consisting (i) primarily of Suite 200 located on the second (2nd) floor of the Building, and (ii) an approximately 154 square foot conference room located on the first (1st) floor of the Building adjoining the main lobby areas, all as further set forth in **Exhibit A** to the Office Lease.
	2.3 Project:	The Building is part of an office project known as "***Pacific Corporate Center***," as further set forth in Section 1.1.2 of this Lease.
3.	Lease Term (Article 2):	
	3.1 Length of Term:	Approximately five (5) years.
	3.2 Lease Commencement Date:	August 16, 2011.
	3.3 Lease Expiration Date:	August 31, 2016.
	3.4 Option Term:	One (1) five (5)-year option to renew, as more particularly set forth in Section 2.2 of this Lease.

4. Base Rent (Article 3):

Lease Year	Annual Base Rent*	Monthly Installment of Base Rent*	Monthly Rental Rate per Rentable Square Foot*
1**	$449,256.96	$ 37,438.08	$ 1.480
2	$462,734.67	$ 38,561.22	$ 1.524
3	$476,616.71	$ 39,718.06	$ 1.570
4	$490,915.21	$ 40,909.60	$ 1.617
5	$505,642.67	$ 42,136.89	$ 1.666

* The initial Annual Base Rent (and Monthly Installment of Base Rent) was calculated by multiplying the initial Monthly Rental Rate per Rentable Square Foot by the number of rentable square feet of space in the Premises. In all subsequent Lease Years, the calculation of Annual Base Rent (and Monthly Installment of Base Rent) reflects an annual increase of three percent (3.0%), with the corresponding Monthly Rental Rate per Rentable Square Foot being an approximation thereof.

** Pursuant to the express terms of Section 3.2 of this Lease, and notwithstanding any provision to the contrary set forth herein, Tenant shall not be obligated to pay, and shall not pay, the monthly installments of Base Rent attributable to the "Base Rent Abatement Period" (as that term is defined in, and as more particularly set forth in, Section 3.2 below).

5. Intentionally Omitted (Article 4):

6. Tenant's Share (Article 4): Approximately 33.3963%.

7. Permitted Use (Article 5): Tenant shall use the Premises solely for (i) general office use, (ii) the manufacturing, testing, and research and development of biotechnology and/or pharmaceutical products, (iii) a rodent vivarium, and (iv) other uses, to the extent the foregoing are permitted under (A) all "Applicable Laws," as that term is set forth in Article 24 of this Lease, (B) all applicable zoning, building codes and the "CC&Rs," as that term is set forth in Section 5.3 of this Lease, and (C) the character of the Project as a first-class office building Project (collectively, as applicable, the "**Permitted Use**").

8. Credit Enhancement:

8.1 Security Deposit (Article 21):	$42,136.89.
8.2 Letter of Credit (Article 22):	$160,000.00.
9. Parking Pass Ratio (Article 28):	Three and one-half (3 ½) unreserved parking passes for every 1,000 rentable square feet of the Premises.
10. Address of Tenant (Section 29.18):	AnaptysBio, Inc. 10835 Road to the Cure, Suite 100 San Diego, California 92121 Attention: Chairman and CEO (*Prior to Lease Commencement Date*)
and	AnaptysBio, Inc. 10421 Pacific Center Court, Suite 200 San Diego, California 92121 Attention: Chairman and CEO (*After Lease Commencement Date*)
11. Address of Landlord (Section 29.18):	See Section 29.18 of the Lease.
12. Broker(s) (Section 29.24):	
Representing Tenant:	*Representing Landlord:*
Irving Hughes *and* Hughes Marino	Colliers International
13. Improvement Allowance (Section 2 of **Exhibit B**):	$328,848.00 (*i.e.*, Thirteen and No/100 Dollars ($13.00) for each rentable square foot of the Premises).

ARTICLE 1

PREMISES, BUILDING, PROJECT, AND COMMON AREAS

1.1 **Premises, Building, Project and Common Areas**.

1.1.1 **The Premises**. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the "**Premises**"). The outline of the Premises is set forth in **Exhibit A** attached hereto and contains approximately the number of rentable square feet as set forth in Section 2.2 of the Summary. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions (the "**TCCs**") herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such TCCs by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of **Exhibit A** is to show the approximate location of the Premises in the "**Building**," as that term is defined in Section 1.1.2, below, only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the "**Common Areas**," as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the "**Project**," as that term is defined in Section 1.1.2, below. Except as specifically set forth in this Lease and in the Work Letter attached hereto as **Exhibit B** (the "**Work Letter**"), Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease and the Work Letter. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in good and sanitary order, condition and repair, subject only to (i) Landlord's obligations under the Work Letter with respect to a list of punchlist items prepared by Landlord and Tenant in accordance therewith, (ii) latent defects as well as defects in the mechanical, electrical and plumbing systems brought to Landlord's attention in writing within one (1) year following Landlord's delivery of the Premises to Tenant, (iii) Landlord's obligations set forth in Article 7 of this Lease, (iv) Landlord's obligations set forth in Article 24 of this Lease, and (v) Landlord's obligations set forth in Section 29.33 of this Lease. To the actual knowledge of Mrs. Kathleen Bristol (Landlord's Asset Manager with respect to the Project), Mr. Brian Galligan (Landlord's Vice President of Asset Management) and Ms. Theresa Amos (Property Manager of the Building), without any duty of investigation or any duty of inquiry, Landlord has not, as of the Effective Date, received from any applicable governmental agency any written notice (a "**Violation Notice**") of violation or violations (or claim thereof) relating to Applicable Laws, or applicable zoning, ordinances, building codes or CC&Rs with regard to the Premises or the Building existing as of the Effective Date; provided, however, the foregoing representation does not apply with respect to any alterations, additions or improvements made (or to be made) by Tenant. Landlord represents and warrants that, as of the Effective Date and as it pertains to Landlord's organization, the three (3) individuals listed above are the suitable individuals as it relates to knowledge of the Premises. If Landlord receives any Violation Notice at any time after the Effective Date, Landlord shall promptly deliver a copy of

such Violation Notice to Tenant. In the event of a conflict between the terms set forth in the Summary and the TCCs of the body of this Lease, the latter shall control.

1.1.2 **The Building and The Project**. The Premises are a part of the building set forth in Section 2.1 of the Summary (the "**Building**"). The Building is part of an office project known as "***Pacific Corporate Center***." The term "**Project**," as used in this Lease, shall mean (i) the Building and the Common Areas, and (ii) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building and the Common Areas are located, and (iii) the other office building located adjacent to the Building and the land upon which such adjacent office building is located.

1.1.3 **Common Areas**. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project (such areas, together with such other portions of the Project designated by Landlord, in its discretion, including certain areas designated for the exclusive use of certain tenants [such as those areas reserved for the exclusive use of the tenant leasing the balance of the Building, which areas are identified as "Tanvex Exclusive Areas" on the attached **Exhibit A-2**], or to otherwise be shared by Landlord and certain tenants, are collectively referred to herein as the "**Common Areas**"). The Common Areas shall consist of the "**Project Common Areas**" and the "**Building Common Areas**." The term "**Project Common Areas**," as used in this Lease, shall mean the portion of the Project designated as such by Landlord. The term "**Building Common Areas**," as used in this Lease, shall mean the portions of the Common Areas located within the Building designated as such by Landlord. The manner in which the Common Areas are maintained and operated shall be at the sole discretion of Landlord, provided that Landlord shall maintain and operate the same in a manner consistent with that of other Comparable Buildings (as that term is defined in **Exhibit H** attached hereto) and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time, provided that such rules, regulations and restrictions do not unreasonably interfere with the rights granted to Tenant under this Lease and the Permitted Use (as that term is defined in Section 7 of the Summary and as set forth in Section 5.1, below). Upon reasonable prior written notice to Tenant (except in the event of emergencies) Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas; provided that no such changes shall be permitted which materially reduce Tenant's rights or access hereunder. Except when and where Tenant's right of access is specifically excluded in this Lease, Tenant shall have the right of access to the Premises, the Building, and the Project parking facility twenty-four (24) hours per day, seven (7) days per week during the "Lease Term," as that term is defined in Section 2.1, below.

1.2 **Stipulation of Rentable Square Feet of Premises**. For purposes of this Lease, "rentable square feet" of the Premises shall be deemed as set forth in Section 2.2 of the Summary.

ARTICLE 2

LEASE TERM; TERMINATION RIGHT, OPTION TERM

2.1 **Initial Lease Term**. The TCCs and provisions of this Lease shall be effective as of the Effective Date. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set forth in Section 3.2 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date set forth in Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided; provided, however, the Lease Commencement Date and the Lease Expiration Date shall be subject to tolling as more particularly set forth in Section 5.2 of the Tenant Work Letter. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) month period during the Lease Term; provided, however, that the first Lease Year shall commence on the Lease Commencement Date (e.g., August 16, 2011, as previously scheduled) and end on the last day of the month in which the first anniversary of the Lease Commencement Date occurs (e.g., August 31, 2012, as previously scheduled), and the second and each succeeding Lease Year shall commence on the first day of the next calendar month; and further provided that the last Lease Year shall end on the Lease Expiration Date. At any time during the Lease Term, Landlord may deliver to Tenant a factually correct notice in the form as set forth in **Exhibit C**, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof to the extent such notice is factually correct.

2.2 **Tenant Termination Right**. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall have the right to terminate and cancel this Lease in its entirety effective as of either August 31, 2012, August 31, 2013, August 31, 2014 or August 31, 2015 (as applicable, the "**Termination Date**"), upon Tenant's delivery of written notice to Landlord (the "**Termination Notice**"), which notice shall be delivered to Landlord on or before the date which is six (6) full calendar months prior to the subject Termination Date, and, concurrently with its delivery of such Termination Notice, Tenant shall deliver to Landlord the "Termination Fee,'' as that term is defined hereinbelow, as consideration for and as a condition precedent to such early termination. The "**Termination Fee**" shall be equal to either (A) Four Hundred Forty-Two Thousand Seven Hundred Eighty One and No/100 Dollars ($442,781.00) in connection with an August 31, 2012 termination, (B) Three Hundred Thirty-Two Thousand Eighty-Six and No/100 Dollars ($332,086.00) in connection with an August 31, 2013 termination, (C) Two Hundred Twenty-One Thousand Three Hundred Ninety and No/100 Dollars ($221,390.00) in connection with an August 31, 2014 termination, or (D) One Hundred Ten Thousand Six Hundred Ninety-Six and No/100 Dollars ($110,696.00) in connection with an August 31, 2015 termination. Subject to Landlord's timely receipt of the Termination Notice and the corresponding Termination Fee, this Lease shall automatically terminate and be of no further force or effect as of the Termination Date, and Landlord and Tenant shall be relieved of their respective obligations under this Lease, as of the Termination Date, except with respect to those obligations set forth in this Lease, which specifically survive the expiration or earlier termination of this Lease, including, without limitation, the payment by Tenant of all amounts owed by Tenant under this Lease, up to and including the Termination Date. The termination right granted to Tenant under this Section 2.2 shall automatically terminate and be of no further force or effect in the event (w) Tenant fails to properly and timely exercise such termination right as set forth in

this Section 2.2, (x) Tenant assigns or subleases all or essentially all of the Premises for all or essentially all of the then-remaining Lease Term to entities or persons other than "Permitted Transferees" (as that term is defined in Section 14.8, below), (y) Tenant's right to possession of the Premises has previously been terminated pursuant to Section 19.2 of this Lease, or (z) Tenant is in "Economic Default" (as defined in Section 2.3.2, below) under this Lease (beyond any applicable notice and cure periods), as of the date of Tenant's delivery of the Termination Notice to Landlord or, at Landlord's election, as of the Termination Date. The termination right granted to Tenant under this Section 2.2 is personal to the Tenant named in this Lease (the "**Original Tenant**"), and any Permitted Transferee, and may not be exercised by any other assignee, sublessee, or transferee of the Original Tenant's interest in this Lease.

2.3 **Option Term(s)**.

2.3.1 **Option Right**. Landlord hereby grants the Original Tenant and its Permitted Transferees one (1) option to extend the Lease Term for the entire Premises by a period of five (5) years (the "**Option Term**"). Such option shall be exercisable only by Notice delivered by Tenant to Landlord as provided below, provided that, as of the date of delivery of such Notice, (i) Tenant is not then in "Economic Default" or "Material Non-Economic Default" under this Lease (beyond the applicable notice and cure periods), and (ii) Tenant has not been in Economic Default or Material Non-Economic Default under this Lease (beyond the applicable notice and cure periods) more than twice during the prior twenty-four (24) month period. Upon the proper exercise of such option to extend, and provided that, as of the end of the Lease Term, (A) Tenant is not in Economic Default or Material Non-Economic Default under this Lease (beyond the applicable notice and cure periods), and (B) Tenant has not been in Economic Default or Material Non-Economic Default under this Lease (beyond the applicable notice and cure periods) more than twice during the prior twenty-four (24) month period, then the Lease Term, as it applies to the entire Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.3 shall only be exercised by the Original Tenant or its Permitted Transferee (and not any other assignee, sublessee or other transferee of the Original Tenant's interest in this Lease) if Original Tenant and/or its Permitted Transferee is in occupancy of not less than fifty percent (50%) of the Premises. For purposes hereof, an "**Economic Default**" shall mean any default contemplated by the terms of Section 19.1.1 of this Lease, and a "**Material Non-Economic Default**" shall mean any of the defaults identified in Sections 19.1.3 through 19.1.6 of this Lease; provided, however, that in no event shall (1) any one circumstance (e.g. an instance of failed rent payment, a failure to timely complete an estoppel certificate, a failure to comply with CC&Rs, etc.) result in, or constitute, more than one Economic Default or Material Non-Economic Default, and/or (2) any circumstance be deemed an Economic Default or Material Non-Economic Default under this Section 2.3.1 to the extent such matter has been reasonably disputed in accordance with the TCCs of this Lease by Tenant and remains unresolved.

2.3.2 **Option Rent**. The Rent payable by Tenant during the Option Terms (the "**Option Rent**") shall be equal to the "Market Rent," as that term is defined in, and determined pursuant to, **Exhibit H** attached hereto, which Market Rent shall include annual escalations in connection with such Market Rent determination. The calculation of the Market Rent shall be derived from a review of, and comparison to, the "Net Equivalent Lease Rates" of the "Comparable Transactions," as provided for in **Exhibit H**.

2.3.3 **Exercise of Option**. The option contained in this Section 2.3 shall be exercised by Tenant, if at all, only in the manner set forth in this Section 2.3. Tenant shall deliver notice (the "**Exercise Notice**") to Landlord not more than twelve (12) months nor less than nine (9) months prior to the expiration of the initial Lease Term, stating that Tenant is exercising its option. Concurrently with such Exercise Notice, Tenant shall deliver to Landlord Tenant's calculation of the Market Rent (the "**Tenant's Option Rent Calculation**"). Landlord shall deliver notice (the "**Landlord Response Notice**") to Tenant on or before the date which is thirty (30) days after Landlord's receipt of the Exercise Notice and Tenant's Option Rent Calculation (the "**Landlord Response Date**"), stating that (A) Landlord is accepting Tenant's Option Rent Calculation as the Market Rent, or (B) rejecting Tenant's Option Rent Calculation and setting forth Landlord's calculation of the Market Rent (the "**Landlord's Option Rent Calculation**"). Within ten (10) business days of its receipt of the Landlord Response Notice, Tenant may, at its option, accept the Market Rent contained in the Landlord's Option Rent Calculation. If Tenant does not affirmatively accept or Tenant rejects the Market Rent specified in the Landlord's Option Rent Calculation, the parties shall follow the procedure set forth in Section 2.3.4 below, and the Market Rent shall be determined in accordance with the terms of Section 2.3.4 below.

2.3.4 **Determination of Market Rent**. In the event Tenant objects or is deemed to have objected to the Market Rent, Landlord and Tenant shall attempt to agree upon the Market Rent using reasonable good-faith efforts. If Landlord and Tenant fail to reach agreement within sixty (60) days following Tenant's objection or deemed objection to the Landlord's Option Rent Calculation (the "**Outside Agreement Date**"), then, within two (2) business days following such Outside Agreement Date, (*x*) Landlord may re-calculate the Landlord's Option Rent Calculation by delivering written notice thereof to Tenant, and (*y*) Tenant may re-calculate the Tenant's Option Rent Calculation by delivering written notice thereof to Tenant. If Landlord and Tenant thereafter fail to reach agreement within seven (7) business days of the Outside Agreement Date, then in connection with the Option Rent, Landlord's Option Rent Calculation and Tenant's Option Rent Calculation, each as most recently delivered to the other party pursuant to the TCCs of this Section 2.3, shall be submitted to the "Neutral Arbitrator," as that term is defined in Section 2.3.4.1 of this Lease, pursuant to the TCCs of this Section 2.3.4. The submittals shall be made concurrently with the selection of the Neutral Arbitrator pursuant to this Section 2.3.4 and shall be submitted to arbitration in accordance with Section 2.3.4.1 through 2.3.4.5 of this Lease, but subject to the conditions, when appropriate, of Section 2.3.3.

2.3.4.1 Landlord and Tenant shall mutually and reasonably agree on the appointment of one (1) arbitrator who shall by profession be a real estate broker, appraiser or attorney who shall have been active over the five (5) year period ending on the date of such appointment in the leasing (or appraisal, as the case may be) of first-class commercial properties in the Comparable Area (the "**Neutral Arbitrator**"). The determination of the Neutral Arbitrator shall be limited solely to the issue of whether Landlord's Option Rent Calculation or Tenant's Option Rent Calculation, each as submitted to the Neutral Arbitrator pursuant to Section 2.2.4, above, is the closest to the actual Market Rent as determined by such Neutral Arbitrator, taking into account the requirements of Section 2.2.2 of this Lease. Such Neutral Arbitrator shall be appointed within fifteen (15) days after the applicable Outside Agreement Date. Neither the Landlord or Tenant or either party's arbitrator may, directly or indirectly, consult with the Neutral Arbitrator prior to, or subsequent to, his or her appearance. The Neutral Arbitrator shall

be retained via an engagement letter jointly prepared by Landlord's counsel and Tenant's counsel.

2.3.4.2 The Neutral Arbitrator shall, within thirty (30) days of his/her appointment, reach a decision as to Market Rent and determine whether the Landlord's Option Rent Calculation or Tenant's Option Rent Calculation, each as submitted to the Neutral Arbitrator pursuant to Section 2.2.4, above, is closest to Market Rent as determined by such Neutral Arbitrator and simultaneously publish a ruling ("**Award**") indicating whether Landlord's Option Rent Calculation or Tenant's Option Rent Calculation is closest to the Market Rent as determined by such Neutral Arbitrator. Following notification of the Award, the Landlord's Option Rent Calculation or Tenant's Option Rent Calculation, whichever is selected by the Neutral Arbitrator as being closest to Market Rent, shall become the then applicable Option Rent.

2.3.4.3 The Award issued by such Neutral Arbitrator shall be binding upon Landlord and Tenant.

2.3.4.4 If Landlord and Tenant fail to appoint the Neutral Arbitrator within fifteen (15) days after the applicable Outside Agreement Date, either party may petition the presiding judge of the Superior Court of San Diego County to appoint such Neutral Arbitrator subject to the criteria in Section 2.2.4.1 of this Lease, or if he or she refuses to act, either party may petition any judge having jurisdiction over the parties to appoint such Neutral Arbitrator.

The cost of arbitration shall be paid by Landlord and Tenant equally.

ARTICLE 3

BASE RENT

3.1 **In General**. Tenant shall pay, without prior notice or demand, to Landlord or Landlord's agent at the management office of the Project, or, at Landlord's option, at such other place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever (unless and to the extent otherwise expressly set forth in this Lease). In connection with the designated place for payment identified in the preceding sentence, to the extent Landlord elects to effectuate any change in location for such payment, Landlord shall deliver written notice setting forth such newly designated place no less than fifteen (15) days in advance of the due date of the first such payment of Base Rent following such re-designation. The Base Rent for the first full month of the Lease Term which occurs after the expiration of any free rent period shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any such fractional month shall accrue on a daily basis during such fractional month and shall

total an amount equal to the product of (i) a fraction, the numerator of which is the number of days in such fractional month and the denominator of which is the actual number of days occurring in such calendar month, and (ii) the then-applicable Monthly Installment of Base Rent. All other payments or adjustments required to be made under the TCCs of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 **Abated Base Rent**. Notwithstanding any contrary provisions set forth in this Article 3 and in Section 4 of the Summary, Tenant shall not be obligated to pay (and therefore shall not pay) the monthly installments of Base Rent attributable to the Premises (the "**Base Rent Abatement**") for the six (6) month period commencing on November 1, 2011 and ending on April 30, 2012 (the "**Base Rent Abatement Period**"). In connection with the foregoing, the Base Rent Abatement provided to Tenant pursuant to this Section 3.2 during the Base Rent Abatement Period shall not exceed an aggregate of Two Hundred Twenty-Four Thousand Six Hundred Twenty-Eight and 48/100 Dollars ($224,628.48). Tenant acknowledges and agrees that during such Base Rent Abatement Period, such abatement of Base Rent shall have no effect on the calculation of any Direct Expenses payable by Tenant pursuant to the terms of this Lease, which any Direct Expenses shall be payable during the Base Rent Abatement Period without regard to the Base Rent Abatement. Additionally, notwithstanding the foregoing, Tenant shall be obligated to pay all "Additional Rent," as that term is defined in Section 4.1, below, during the Base Rent Abatement Period. The foregoing Base Rent Abatement has been agreed to by Landlord and Tenant as additional consideration for entering into this Lease, and for Tenant's agreement to pay the rent and for the parties to perform the terms and conditions otherwise required under this Lease. If Tenant shall be in Economic Default of this Lease and shall fail to cure such default within any applicable notice and cure period, then Landlord may elect at its option, by notice to Tenant and in addition to any other remedies Landlord may have under this Lease, that the dollar amount of the unapplied portion of such Base Rent Abatement as of such default shall be converted to a credit to be applied to the Base Rent applicable to the Premises at the end of the Lease Term and Tenant shall immediately be obligated to begin paying Base Rent for the Premises in full; provided however, to the extent the Lease is terminated pursuant to the provisions of Article 19, below, then as a part of the recovery set forth in Section 19.2, below, Landlord shall be entitled to recover the then-unamortized portion of the monthly Base Rent that was abated under the provisions of this Section 3.2, which Base Rent Abatement shall be amortized on a level payment basis over a period of sixty (60) months, employing an interest factor of zero percent (0%).

ARTICLE 4

ADDITIONAL RENT

4.1 **General Terms**. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall additionally pay "**Tenant's Share**" of the annual "**Direct Expenses**," as those terms are defined in Sections 4.2.6 and 4.2.2, respectively, of this Lease. Such additional payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the TCCs of this Lease (exclusive of Base Rent), are hereinafter collectively referred to as the "**Additional Rent**," and the Base Rent and the Additional Rent are herein collectively referred to as "**Rent**." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other

obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term (subject to the limitation in Section 4.4. l below).

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used m this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 Intentionally Deleted.

4.2.2 "**Direct Expenses**" shall mean "Operating Expenses" "Tax Expenses" and "Utility Costs."

4.2.3 **"Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant and receipt of reasonable approval from Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change; provided, however, in no event shall any such change in the Expense Year result in any net increase in Rent due under this Lease.

4.2.4 "**Operating Expenses**" shall mean expenses, costs and amounts which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof, in accordance with sound real estate management and accounting principles, consistently applied. Without limiting the generality of the foregoing, Operating Expenses shall specifically include the following: (i) the cost of operating, repairing, maintaining, and renovating the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections, the costs incurred in connection with a governmentally mandated transportation system management program or similar program and to the extent savings therefrom are reasonably anticipated, the cost of contesting any governmental enactments which may affect Operating Expenses,; (iii) the cost of all insurance carried by Landlord in connection with the Project; (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) costs incurred in connection with the parking areas servicing the Project; (vi) fees and other costs, including management fees (subject to the Management Fee Cap set forth hereinbelow), consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project; (vii) payments under any equipment rental agreements and the fair rental value of any management office space; (viii) wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons (other than persons generally considered to be higher in rank than the position of "Property Manager") to the extent engaged in the operation, maintenance and security of the Project; (ix) costs under any instrument pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement (subject to item (xiii), below) of all systems and equipment and components thereof of the Building; (xi) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and

fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof (which amortization calculation shall include interest at the "Interest Rate," as that term is set forth in Article 25 of this Lease); (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, (B) that are required to comply with mandatory conservation programs, or (C) that are required under any governmental law or regulation by a federal, state or local governmental agency, except for capital repairs, replacements or other improvements to remedy a condition existing prior to the Lease Commencement Date which an applicable governmental authority, if it had knowledge of such condition prior to the Lease Commencement Date, would have then required to be remedied pursuant to then-current governmental laws or regulations in their form existing as of the Lease Commencement Date and pursuant to the then-current interpretation of such governmental laws or regulations by the applicable governmental authority as of the Lease Commencement Date; provided, however, that any capital expenditure shall be shall be amortized with interest at the Interest Rate its useful life as Landlord shall reasonably determine in accordance with sound real estate management and accounting principles; (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "Tax Expenses" as that term is defined in Section 4.2.5, below; and (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building. Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(a) costs, including marketing costs, legal fees, space planners' fees, advertising and promotional expenses, and brokerage fees incurred in connection with the original construction or development, or original or future leasing of the Project, and costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for new tenants initially occupying space in the Project after the Lease Commencement Date or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant premises for tenants or other occupants of the Project;

(b) except as set forth in items (xii), (xiii), and (xiv) above, costs of capital repairs and alterations, and costs of capital improvements and equipment, and depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest;

(c) costs for which the Landlord is reimbursed (or is otherwise entitled to reimbursement) by any tenant or occupant of the Project or by insurance by its carrier or any tenant's carrier or by anyone else, and electric power and other utility costs for which any tenant directly contracts with the local public service company;

(d) any bad debt loss, rent loss, or reserves for bad debts or rent loss;

(e) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs

of operation of the Project (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Project). Costs associated with the operation of the business of the partnership or entity which constitutes the Landlord include costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Project, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants, and Landlord's general corporate overhead and general and administrative expenses;

(f) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Project manager;

(g) amount paid as ground rental for the Project by the Landlord;

(h) overhead and profit increment paid to the Landlord or to subsidiaries or affiliates of the Landlord for services in the Project to the extent the same exceeds the costs of such services rendered by qualified, first-class unaffiliated third parties on a competitive basis;

(i) any compensation paid to clerks, attendants or other persons in commercial concessions operated by the Landlord, provided that any compensation paid to any concierge at the Project shall be includable as an Operating Expense;

(j) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment which if purchased the cost of which would be excluded from Operating Expenses as a capital cost, except equipment not affixed to the Project which is used in providing janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Project;

(k) all items and services for which Tenant or any other tenant in the Project reimburses Landlord or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(l) costs, other than those incurred in ordinary maintenance and repair, for sculpture, paintings, fountains or other objects of art;

(m) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(n) rent for any office space occupied by Project management personnel to the extent the size or rental rate of such office space exceeds the size or fair market rental value of office space occupied by management personnel of the Comparable Buildings in

the vicinity of the Building, with adjustment where appropriate for the size of the applicable project;

(o) costs to the extent arising from the gross negligence or willful misconduct of Landlord or its agents, employees, vendors, contractors, or providers of materials or services; and

(p) costs incurred to comply with Applicable Law with respect to "Hazardous Material," as that term is defined in Section 29.33 of this Lease, (including, without limitation, with respect to the monitoring, testing and reporting relating thereto) which was in existence in the Building or on the Project prior to the Lease Commencement Date; and costs incurred with respect to Hazardous Material (including, without limitation, with respect to the monitoring, testing and reporting relating thereto), which Hazardous Material is brought into the Building or onto the Project after the date hereof by Landlord or any other tenant of the Project or by anyone other than Tenant or its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors ·

(q) tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments when due or to file any income tax or informational returns when due;

(r) any Tax Expenses or Utility Costs due to the fact that such expenses are to be included as Direct Expenses pursuant to Sections 4.2.2, 4.2.5, and 4.2.7 of this Lease;

(s) rentals for items (except as expressly permitted under Section 4.2.4(xii)) which, if purchased, rather than rented, would constitute a capital improvement specifically excluded above;

(t) costs (including, without limitation, fines, penalties, interest, and costs of repairs, replacements, alterations and/or improvements) incurred in bringing the Project into compliance with laws in effect as of the Lease Commencement Date and as interpreted by applicable governmental authorities as of such date, including, without limitation, any costs to correct building code violations pertaining to the initial design or construction of the Building or any other improvements to the Project, to the extent such violations exist as of the Lease Commencement Date under any applicable building codes in effect and as interpreted by applicable governmental authorities as of such date;

(u) costs for the initial development or future expansion of the Project;

(v) costs arising from Landlord's charitable or political contributions;

(w) costs of any "tap fees" or any sewer or water connection fees for the benefit of any particular tenant of the Project;

(x) any "above-standard" cleaning, including, but not limited to construction cleanup or special cleanings associated with parties/events and specific tenant

requirements in excess of services provided to Tenant, including related trash collection, removal, hauling and dumping

(y) “in-house” legal and/or accounting fees;

(z) Any expenses incurred by Landlord to the extent related to the use of any portions of the Project to accommodate shows, promotions, kiosks, displays, filming, photography, private events or parties, ceremonies, and advertising (as opposed to, without limitation, the normal expenses otherwise attributable to providing services, such as lighting and HYAC, to such public portions of the Project as would be incurred in normal operations of Project during standard hours of operation);

(aa) any balloons, flowers, or other gifts provided to any entity whatsoever, to include, but not limited to, Tenant, other tenants, employees, vendors, contractors, prospective tenants, and agents; and

(bb) fees payable by Landlord for management of the Project in excess of three percent (3.0%) (the “**Management Fee Cap**”) of Landlord’s gross rental revenues (but excluding the cost of after hours services or utilities) from the Building for any calendar year or portion thereof.

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not at least one hundred percent (100%) occupied during all or a portion of any Expense Year, Landlord may elect to make an appropriate adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been one hundred percent (100%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year.

Landlord’s determination of Operating Expenses shall take into account and adjust for all cash discounts, trade discounts, or quantity discounts as and when actually received by Landlord in connection with the purchase of any goods, services or utilities in connection with the operation of the Project.

Notwithstanding any provision to the contrary set forth in this Article 4, in no event shall (a) Tenant’s Share of Direct Expenses for the initial Expense Year exceed an amount equal to Forty-Nine Cents ($.49) per rentable square foot per month, or (b) those components of Direct Expenses constituting “Controllable Expenses” (defined below) exceed, on an aggregate basis for any Expense Year following the initial Expense Year, the amount that the Controllable Expenses would have been had they increased by ten percent (10%) per Expense Year following such initial Expense Year. For purposes of this Lease, “**Controllable Expenses**” shall mean all Direct Expenses except (a) Tax Expenses, (b) Utilities Costs, (c) insurance charges, (d) costs of

services provided under a union contract, (e) payments under CC&Rs, and (f) costs associated with repairs due to casualty, vandalism or other sources outside of Landlord's reasonable control.

4.2.5 **Taxes**.

4.2.5.1 "**Tax Expenses**" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("**Proposition 13**") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Project's contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; (iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and (iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are paid. Except as set forth in Section 4.2.5.4, below, refunds of Tax Expenses shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension

thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord upon demand Tenant's Share of any such increased Tax Expenses included by Landlord as Building Tax Expenses pursuant to the TCCs of this Lease. Notwithstanding anything to the contrary contained in this Section 4.2.5 (except as set forth in Section 4.2.5.1, above), there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease, (iv) any Tax Expenses to the extent accruing during and applicable to any period of time occurring either prior to the Lease Commencement Date or after the expiration or earlier termination of this Lease, and (v) any special assessments or special taxes as a means of financing improvements to the Building or Project.

4.2.6 "**Tenant's Share**" shall mean the percentage set forth in Section 6 of the Summary. Tenant's Share is stated as a percentage calculated as a fraction where the numerator equals the number of rentable square feet of the Premises and the denominator is the 75,745 rentable square feet in the Building.

4.2.7 "**Utilities Costs**" shall mean all actual charges for utilities for the Building and the Project which Landlord shall pay during any Expense Year, including, but not limited to, the costs of water, sewer and electricity, and the costs of HVAC and other utilities (but excluding (i) the cost of electricity consumed in any area of the Project that is not part of the Common Areas (i.e., excluding the Premises, the premises of other tenants of the Building and any other buildings in the Project, and other leasable space throughout the Project that is not then occupied by a tenant, (since Tenant is separately paying for the cost of electricity pursuant to Section 6.1 below) and (ii) those charges for which tenants directly reimburse Landlord or otherwise pay directly to the utility company) as well as related fees, assessments and surcharges. Tenant's Share of Utilities Costs shall be calculated assuming the Buildings are one hundred percent (100%) occupied. Utilities Costs shall include any costs of utilities which are allocated to the Real Property under any declaration, restrictive covenant, or other instrument pertaining to the sharing of costs by the Real Property or any portion thereof, including any covenants, conditions or restrictions now or hereafter recorded against or affecting the Real Property.

4.3 **Allocation of Direct Expenses**. The parties acknowledge that the Building is a part of a multi-building project and that the costs and expenses incurred in connection with the Project (i.e. the Direct Expenses) should be shared between the tenants of the Building and the tenants of the other buildings in the Project. Accordingly, as set forth in Section 4.2 above, Direct Expenses (which consists of Operating Expenses, Tax Expenses and Utilities Costs) are determined annually for the Project as a whole, and a portion of the Direct Expenses, which portion shall be determined by Landlord on an equitable basis, shall be allocated to the tenants of the Building (as opposed to the tenants of any other buildings in the Project) and such portion shall be the Direct Expenses for purposes of this Lease. Such portion of Direct Expenses allocated to the tenants of the Building shall include all Direct Expenses attributable solely to the Building and an equitable portion of the Direct Expenses attributable to the Project as a whole.

4.4 **Calculation and Payment of Additional Rent**. Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, Tenant's Share of Direct Expenses for each Expense Year.

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Landlord shall give to Tenant following the end of each Expense Year, a statement (the "**Statement**") which shall state in general major categories the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of Tenant's Share of Direct Expenses. Landlord shall use commercially reasonable efforts to deliver such Statement to Tenant on or before April 15 following the end of the Expense Year to which such Statement relates. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, Tenant shall pay, within thirty (30) days after receipt of the Statement, the full amount of Tenant's Share of Direct Expenses for such Expense Year, less the amounts, if any, paid during such Expense Year as "Estimated Direct Expenses," as that term is defined in Section 4.4.2, below, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant's Share of Direct Expenses (an "**Excess**"), Tenant shall receive a credit in the amount of such Excess against Rent next due under this Lease. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, if Tenant's Share of Direct Expenses is greater than the amount of Estimated Direct Expenses previously paid by Tenant to Landlord, Tenant shall, within thirty (30) days after receipt of the Statement, pay to Landlord such amount, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant's Share of Direct Expenses (again, an Excess), Landlord shall, within thirty (30) days, deliver a check payable to Tenant in the amount of such Excess. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term. Notwithstanding the immediately preceding sentence, Tenant shall not be responsible for Tenant's Share of any Direct Expenses attributable to any Expense Year which are first billed to Tenant more than nine (9) months after the Lease Expiration Date, provided that in any event Tenant shall be responsible for Tenant's Share of Direct Expenses levied by any governmental authority or by any public utility companies at any time following the Lease Expiration Date which are attributable to any Expense Year.

4.4.2 **Statement of Estimated Direct Expenses**. In addition, Landlord shall give Tenant a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth in general major categories Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated Tenant's Share of Direct Expenses (the "**Estimated Direct Expenses**"). Landlord shall use commercially reasonable efforts to deliver such Estimate Statement to Tenant on or before April 15 following the end of the Expense Year to which such Estimate Statement relates. The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Direct Expenses under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Direct Expenses theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, within thirty (30) days after receipt of the Estimate Statement, a fraction of the Estimated Direct Expenses for the then-current Expense Year (reduced by any amounts paid pursuant to the second to last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the, month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Direct Expenses set forth in the previous Estimate Statement delivered by Landlord to Tenant. Throughout the Lease Term Landlord shall maintain books and records with respect to Direct Expenses in accordance with generally accepted real estate accounting and management practices, consistently applied.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible**.

4.5.1 Tenant shall be liable for and shall pay ten (10) days before delinquency, taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes to the extent resulting from such increase in the assessment, as the case may be.

4.5.2 If the Improvements in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's "building standard" in other space in the Building are assessed, then the Tax Expenses levied against Landlord or the property by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 4.5.1, above.

4.5.3 Notwithstanding any contrary provision herein, Tenant shall pay prior to delinquency any (i) rent tax or sales tax, service tax, transfer tax or value added tax, or any other applicable tax on the rent or services herein or otherwise respecting this Lease, (ii) taxes assessed

upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion of the Project, including the Project parking facility; or (iii) taxes assessed upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises.

4.6 **Landlord's Books and Records**. Upon Tenant's written request given not more than ninety (90) days after Tenant's receipt of a Statement for a particular Expense Year, and provided that Tenant is not then in default under this Lease beyond the applicable cure period provided in this Lease, Landlord shall furnish Tenant with such reasonable supporting documentation in connection with said Direct Expenses as Tenant may reasonably request. Landlord shall provide said information to Tenant within sixty (60) days after Tenant's written request therefor. Within one hundred eighty (180) days after receipt of a Statement by Tenant (the "**Review Period**"), if Tenant disputes the amount of Additional Rent set forth in the Statement, an independent certified public accountant (which accountant (A) is a member of a nationally or regionally recognized accounting firm, and (B) is not working on a contingency fee basis), designated and paid for by Tenant, may, after reasonable notice to Landlord and at reasonable times, inspect Landlord's records with respect to the Statement at Landlord's offices, provided that Tenant is not then in default under this Lease (beyond any applicable notice and cure periods) and Tenant has paid all amounts required to be paid under the applicable Estimate Statement and Statement, as the case may be. In connection with such inspection, Tenant and Tenant's agents must agree in advance to follow Landlord's reasonable rules and procedures regarding inspections of Landlord's records, and shall execute a commercially reasonable confidentiality agreement regarding such inspection. Tenant's failure to dispute the amount of Additional Rent set forth in any Statement within the Review Period shall be deemed to be Tenant's approval of such Statement and Tenant, thereafter, waives the right or ability to dispute the amounts set forth in such Statement. If after such inspection, Tenant still disputes such Additional Rent, a determination as to the proper amount shall be made , at Tenant's expense , by an independent certified public accountant (the "**Accountant**") selected by Landlord and subject to Tenant's reasonable approval; provided that if such determination by the Accountant proves that Direct Expenses were overstated by more than four percent (4%), then the cost of the Accountant and the cost of such determination shall be paid for by Landlord. Tenant hereby acknowledges that Tenant's sole right to inspect Landlord's books and records and to contest the amount of Direct Expenses payable by Tenant shall be as set forth in this Section 4.6, and Tenant hereby waives any and all other rights pursuant to applicable law to inspect such books and records and/or to contest the amount of Direct Expenses payable by Tenant.

ARTICLE 5

USE OF PREMISES

5.1 **Permitted Use**. Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

5.2 **Prohibited Uses**. The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for (i) offices of any agency or bureau of the

United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; (iii) offices of any health care professionals or health care service organization to the extent providing on-site health services to patients; (iv) schools or other training facilities which are not ancillary to corporate, executive or professional office use; provided, however, Landlord hereby agrees that intermittent training sessions conducted by or for Tenant (or any Permitted Transferee or any of Tenant's Occupants) with respect to methods and procedures related to the biopharmaceutical industry and/or general business practices, shall not be so prohibited; (v) retail or restaurant uses; or (vi) communications firms such as radio and/or television stations. Tenant shall not allow occupancy density of use of the Premises which is greater than five (5) persons per each one thousand (1,000) rentable square feet of the Premises. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations set forth in **Exhibit D**, attached hereto, or in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project) including, without limitation, any such laws, ordinances, regulations or requirements relating to hazardous materials or substances, as those terms are defined by applicable laws now or hereafter in effect; provided, however, Landlord shall not enforce, change or modify the Rules and Regulations in a discriminatory manner and Landlord agrees that the Rules and Regulations shall not be unreasonably modified or enforced in a manner which will unreasonably interfere with the normal and customary conduct of Tenant's business. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises.

5.3 **CC&Rs**. Tenant shall comply with all recorded covenants, conditions, and restrictions currently affecting the Project, a copy of which has been provided by Landlord to Tenant. Additionally, Tenant acknowledges that the Project may be subject to any future covenants, conditions, and restrictions (the "**CC&Rs**") which Landlord, in Landlord's discretion, deems reasonably necessary or desirable; provided that no such CC&Rs shall be permitted which materially reduce Tenant's rights or access hereunder, or materially increase Tenant's obligations hereunder, and Tenant agrees that this Lease shall be subject and subordinate to such CC&Rs. Subject to the terms of the immediately preceding sentence, Landlord shall have the right to require Tenant to execute and acknowledge, within fifteen (15) business days of a request by Landlord, a "Recognition of Covenants, Conditions, and Restriction," in a form substantially similar to that attached hereto as **Exhibit F**, agreeing to and acknowledging the CC&Rs.

ARTICLE 6

SERVICES AND UTILITIES

6.1 **Standard Tenant Services**. Landlord shall maintain and operate the Building in a manner consistent with the Comparable Buildings, and shall keep the Building Structure and Building Systems in good condition and repair and otherwise in a condition consistent with the Comparable Buildings, and in no event in a condition materially inferior to the existing condition as of the Effective Date. In addition, Landlord shall provide, as part of the Building Structure,

(i) the currently existing electrical wiring and subpanel facilities applicable to the Premises, which are currently directly metered to the Premises, and over which Tenant shall have exclusive control, and (ii) city water and sewer stubbed to the Premises.

Notwithstanding the foregoing, Tenant shall pay the cost of all utilities (including without limitation, electricity, sewer, water and, if applicable, gas) provided to and/or consumed in the Premises (including normal and excess consumption and including the actual cost of electricity to operate the HVAC air handlers serving the Premises) and shall also provide its own janitorial and security services for the Premises as more particularly set forth below. In connection with the foregoing, Tenant's payment for electricity and water shall be directly to the applicable utility company pursuant to such utility companies' separate meters which are dedicated for the Premises. Such utility use shall include electricity, water, and gas use for lighting, incidental use and any heating and air conditioning ("**HVAC**"), as that term is defined below. All such Premises-specific utility, janitorial and security payments shall be excluded from Operating Expenses and shall be paid directly by Tenant prior to the date on which the same are due to the utility provider, janitorial company and/or security company, as applicable. The Premises is currently separately metered for electrical usage. Landlord and Tenant acknowledge and agree that the foregoing shall not apply with regard to utilities applicable to the Common Areas to the extent otherwise charged to and paid by Tenant (and other tenants, as the case may be) as part of Utilities Costs.

Landlord shall not be required to provide any services other than with regard to its maintenance and repair obligation relating to the Building Systems, the Building Structure and the Common Areas.

6.2 **Tenant Maintained One-Pass Air and Other Systems**. Tenant shall, at Tenant's sole cost and expense, maintain those systems and the remaining portions of the Premises which consist of any One-Pass Air System installed in the Premises as provided in Section 8.7, below, or which are otherwise installed by or on behalf of Tenant as Improvements or Alterations) to the extent the same are not part of the Building Structure and Building Systems to be maintained and repaired by Landlord pursuant to this Lease (collectively, "**Tenant Maintained Systems**"). All such Tenant Maintained Systems shall be maintained by Tenant in accordance with manufacturer specifications and in a commercially reasonable condition. In addition, upon request from Landlord, Tenant shall provide to Landlord copies of any service contracts and records of Tenant's maintenance of Tenant Maintained Systems.

6.3 **Tenant Maintained Security**. Tenant hereby acknowledges that Landlord shall have no obligation to provide, or otherwise pay for, any guard service or other security measures for the benefit of the Premises, the Building or the Project; provided, however, the parties acknowledge that the Premises includes an existing card access system (the "Northern System") which Tenant may use without charge during the Lease Term, it being further acknowledge, however, that Landlord makes no representation or warranty with regard to the condition of such card access system and Tenant shall accept the same in its presently existing, as-is condition. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed.

6.4 **Tenant Maintained Janitorial; Vivarium Waste; Pest Control**.

6.4.1 **Premises Janitorial**. As indicated above, Tenant shall itself provide (or otherwise directly contract for) its own janitorial services for the Premises, which janitorial services shall be performed in a first-class manner consistent with the nature of the Building as a first-class office building and as otherwise reasonably requested by Landlord.

6.4.2 **Vivarium Waste**. Upon any use of the rodent vivarium, in connection with the janitorial services identified in Section 6.4.1, above, Tenant hereby expressly acknowledges and agrees that Tenant shall itself directly collect and dispose of (or otherwise directly contract for the disposal of), any and all waste relating to the rodent vivarium ("**Vivarium Waste**") which collection and disposal shall be conducted in a manner consistent with the then-applicable best practices of similar research facilities in San Diego, California.

6.4.3 **Pest Control**. Landlord and Tenant hereby acknowledge and agree that, once Tenant commences rodent vivarium use in the Premises, with regard to the remaining portions of the Premises and the Building, Tenant shall at its expense shall maintain at all times throughout the Lease Term, a written service contract with a licensed, bonded professional pest and sanitation control service to perform inspection and services for the purposes of keeping the non-vivarium portions of the Premises and Common Areas constantly pest-free and vermin-free. In connection therewith, Tenant agrees to co-operate fully in Building pest control efforts including, but not limited to, (a) moving provisions, food stuffs and equipment during inspection and spraying by exterminator, (b) maintaining the Premises in a clean, trash free (except as temporarily stored in trash receptacles) and sanitary condition, and (c) allowing exterminator to perform inspections and/or spraying. In the event Tenant refuses or fails to satisfy its obligations set forth in this Section 6.4.2, then the Landlord may, but shall not be obligated to, take such actions on Tenant's behalf in which event, the costs incurred by Landlord in connection with same shall be paid by Tenant as Additional Rent within ten (10) days after demand therefor.

6.5 **Lobby Elevator; Warehouse Elevator; Excess Services**.

6.5.1 Landlord shall provide nonexclusive, non-attended automatic passenger elevator service in the Main Lobby portion of the Building Common Areas at all times. For purposes of this Lease, "**Building Hours**"), shall collectively mean 7:00 A.M. to 7:00 P.M. Monday through Friday, and on Saturdays from 7:00 A.M. to 3:00 P.M., except for the date of observation of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and, at Landlord's discretion, other locally or nationally recognized holidays (collectively, the "**Holidays**"). Landlord agrees that the front lobby doors may remain locked at all times on weekends to the extent mutually agreed upon by all then-current tenants at the Building.

6.5.2 Landlord shall use commercially reasonable efforts to coordinate with Tanvex, the tenant of the remainder of the Building, to allow Tenant the temporary use of the Building elevator located in the back warehouse portion the first floor, which elevator services

the Building mezzanine, for (a) three (3) full consecutive days in order to initially move Tenant's furniture, fixtures and equipment into the Premises, (b) three (3) full consecutive days to remove Tenant's furniture, fixtures and equipment from the Premises prior to the expiration or immediately following any earlier termination of this Lease, and (c) as reasonably required thereafter during the Lease Term. Tenant acknowledges that such Building elevator is under Tanvex's control (as opposed to Landlord's control), and Tenant hereby acknowledges that Landlord has made no representation or warranty to Tenant with respect to the probability of obtaining Tanvex's consent to Tenant's use of such elevator for all, or any of the time periods identified hereinabove. In the event that Landlord is unable to obtain Tanvex's consent to Tenant's use of the elevator (or if Landlord is unable to obtain Tanvex's consent to Tenant's use of the elevator for all or any of the time periods identified hereinabove), Tenant's and Landlord's rights and obligations under the remaining terms and conditions of the Lease shall be unaffected.

6.5.3 Notwithstanding anything to the contrary set forth in Section 4.2.4 or this Article 6, Tenant shall directly pay to Landlord one hundred percent (100%) of the total cost (including any permitting and/or other implementation costs) of providing all services (and related equipment) affirmatively requested and required by Tenant which are in excess of the Building-standard services to be provided by Landlord hereunder , including, but not limited to, any security services for the Project, (ii) any janitorial services to the Premises or above-standard janitorial services in any Common Areas, (iii) day-porter service, and (iv) parking management systems, equipment and/or personnel; provided, however, to the extent Tenant requests in advance from Landlord the cost of providing any such services, Tenant shall only be obligated to reimburse Landlord up to the amount so quoted.

6.6 **Interruption of Use**. Except and to the extent expressly set forth in Section 6.7, below, Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service (including telephone and telecommunication services), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause beyond Landlord's reasonable control; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Land lord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6.

6.7 **Abatement Event**. If (i) Landlord fails to perform the obligations required of Landlord under the TCCs of this Lease or to otherwise perform an act required by Landlord to avoid such interference, and (ii) such failure causes all or a portion of the Premises to be untenantable and unusable by Tenant, and (iii) such failure related to (A) the nonfunctioning of any Building System or utility service to the Premises, or (B) a failure to provide access to the Premises, Tenant shall give Landlord notice (the "**Initial Notice**"), specifying such failure to

perform by Landlord (the "**Abatement Event**"). If Landlord has not cured such Abatement Event within three (3) business days after the receipt of the Initial Notice (the "**Eligibility Period**"), Tenant may deliver an additional notice to Landlord (the "**Additional Notice**"), specifying such Abatement Event and Tenant's intention to abate the payment of Rent under this Lease. If Landlord does not cure such Abatement Event within two (2) business days of receipt of the Additional Notice, Tenant may, upon written notice to Landlord, immediately abate Rent payable under this Lease for that portion of the Premises rendered untenantable and not used by Tenant, for the period beginning on the date five (5) business days after the Initial Notice to the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Premises (or as to all of the Premises, if the portion which is untenantable materially impairs Tenant's ability to conduct business from the Premises). Such right to abate Rent shall be Tenant's sole and exclusive remedy at law or in equity for an Abatement Event. Except as otherwise provided in this Lease, nothing contained herein shall be interpreted to mean that Tenant is excused from paying Rent due hereunder.

ARTICLE 7

REPAIRS

During the entire Lease Term, Landlord shall maintain in first-class condition and operating order and keep in good repair and condition the structural portions of the Building, including without limitation the foundation, floor/ceiling slabs, roof structure (as opposed to roof membrane), curtain wall, exterior glass and mullions, columns, beams, shafts (including elevator shafts), stairs, stairwells, elevator cab, men's and women's washrooms, Building mechanical, electrical and telephone closets, and all common and public areas servicing the Building, including the parking areas, landscaping and exterior Project signage (collectively, "**Building Structure**") and the Base Building mechanical, electrical, life safety, building access, plumbing , sprinkler systems and HVAC systems (other than the Tenant Maintained Systems) (collectively, the "**Building Systems**") and the Project Common Areas. Without modifying Landlord's obligations set forth above, pursuant to the terms of Section 1.1.1 of this Lease, Landlord shall promptly cure any latent defects in the Premises brought to Landlord's attention in writing within one (I) year following Landlord's delivery of the Premises to Tenant. In addition, Landlord hereby warrants that the Building Systems (exclusive of Tenant Maintained Systems, but including without limitation all other mechanical, electrical, life safety, building access, plumbing, sprinkler systems and HVAC systems in the Premises and not included within the definition of Building Systems) are, as of the Effective Date, in reasonably good working order and condition for Permitted Use, and that any actual defects thereto (excluding de minimus defects) brought to Landlord's attention in writing within one (1) year following Landlord's delivery of the Premises to Tenant, shall be repaired or replaced (to the extent reasonably necessary) by Landlord, at Landlord's sole cost and expense (i.e., not to be included as an Operating Expense), but only to the extent such defects were not caused or otherwise contributed to by Tenant; provided, however, and except to the extent resulting directly from the particular nature of Tenant's tissue culture room and rodent vivarium uses, in no event shall Tenant's use of the Premises for the Permitted Use in the ordinary course of business be deemed to be a cause or contributing factor to any defects. Notwithstanding anything in this Lease to the contrary, Tenant shall be required to repair the Building Structure and/or the Building Systems to the extent caused by Tenant's use of the Premises for other than the Permitted Use (but which for

purposes of this provision shall not apply to the extent resulting directly from particular nature of Tenant's tissue culture room and rodent vivarium uses), unless and to the extent such damage is covered by insurance carried or required to be carried by Landlord pursuant to Article 10 and to which the waiver of subrogation is applicable (such foregoing obligations will hereinafter be defined as the "**BS/BS Exception**"). Tenant shall, at Tenant's own expense, keep the Premises, including all improvements, fixtures and furnishings therein, in good order, repair and condition at all times during the Lease Term, but such obligation shall not extend to the Building Structure and the Building Systems except pursuant to the BS/BS Exception. In addition, Tenant shall, at Tenant's own expense, but under the supervision and subject to the prior approval of Landlord, and within any reasonable period of time specified by Landlord, promptly and adequately repair all damage to the Premises and replace or repair all damaged, broken, or worn fixtures and appurtenances (but such obligation shall not extend to the Building Structure and the Building Systems except pursuant to the BS/BS Exception) except for damage caused by ordinary wear and tear or beyond the reasonable control of Tenant; provided however, that if Tenant fails to make such repairs, Landlord may, after written notice to Tenant and Tenant's failure to repair within ten (10) business days thereafter, but need not, make such repairs and replacements, and Tenant shall pay Landlord's out-of-pocket cost in direct connection therewith, including a percentage of the cost thereof (to be uniformly established for the Building and/or the Project) sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs or expenses to the extent arising from Landlord's involvement with such repairs and replacements upon receipt of a reasonably detailed invoice for same. Subject to Article 27 below, Landlord may, but shall not be required to, enter the Premises at all reasonable times to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree; provided, however, except for (i) emergencies, or (ii) repairs, alterations, improvements or additions required by governmental or quasi-governmental authorities or court order or decree, any such entry into the Premises by Landlord shall be performed in a manner so as not to materially interfere with Tenant's use of, or access to, the Premises; provided that, with respect to item (ii) above, Landlord shall use commercially reasonable efforts to not materially interfere with Tenant's use of, or access to, the Premises. Tenant hereby waives any and all rights under and benefits of subsection l of Section 1932 and Sections 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

ARTICLE 8

ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations**. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HYAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than fifteen (15) business days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations

following ten (10) business days notice to Landlord, but without Landlord's prior consent, to the extent that such Alterations do not (i) adversely affect the systems and equipment of the Building, exterior appearance of the Building, or structural aspects of the Building, or adversely affect the value of the Premises or Building (the "**Cosmetic Alterations**"). The construction of the initial improvements to the Premises shall be governed by the terms of the Work Letter and not the terms of this Article 8.

8.2 **Manner of Construction**. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem reasonably necessary to protect the Building Structure and/or Building Systems, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors reasonably approved by Landlord. Upon Landlord's timely request (as more particularly set forth in Section 8.5, below), Tenant shall, at Tenant's expense, remove any Alterations upon the expiration or any early termination of the Lease Term and return the affected portion of the Premises to its condition as of the Effective Date. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the City of San Diego, all in conformance with Landlord's construction rules and regulations; provided, however, that prior to commencing to construct any Alteration, Tenant shall meet with Landlord to discuss Landlord's design parameters and code compliance issues. In the event Tenant performs any Alterations in the Premises which require or give rise to governmentally required changes to the "Base Building," as that term is defined below, then Landlord shall, at Tenant's expense, make such changes to the Base Building. The "**Base Building**" shall include the structural portions of the Building, and the public restrooms, elevators, exit stairwells and the systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located. In performing the work of any such Alterations, Tenant shall have the work performed in such manner so as not to obstruct access to the Project or any portion thereof, by any other tenant of the Project, and so as not to obstruct the business of Landlord or other tenants in the Project. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of San Diego in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Project construction manager a reproducible copy of the "as built" drawings of the Alterations, to the extent applicable, as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements**. If payment is made directly to contractors, Tenant shall (i) comply with Landlord's requirements for final lien releases and waivers in connection with Tenant's payment for work to contractors, and (ii) sign Landlord's standard contractor's rules and regulations. If Tenant orders any work directly from Landlord, Tenant shall pay to Landlord an amount mutually agreed upon in advance by Landlord and Tenant to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such work; provided, however, to the extent that Tenant, prior to

ordering such working directly from Landlord, requests in writing that Landlord provide Tenant with a pre-review estimate of the costs to be incurred by Landlord in connection with such review, then such costs shall be subject to the reasonable pre-approval of Tenant. If Tenant does not order any work directly from Landlord, Tenant shall, reimburse Landlord for Landlord's reasonable, actual, out-of-pocket costs and expenses actually incurred in connection with Landlord's review of such work.

8.4 **Construction Insurance**. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant carries "Builder's All Risk" insurance in an amount reasonably approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Landlord's Property**. Landlord and Tenant hereby acknowledge and agree that (i) all Alterations, improvements, fixtures, equipment and/or appurtenances which Tenant may have installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and shall be and become part of the Premises and the property of Landlord, and (ii) the Improvements to be constructed in the Premises pursuant to the TCCs of the Work Letter shall, upon completion of the same, be and become a part of the Premises and the property of Landlord. Furthermore, Landlord may, by written notice to Tenant prior to the end of the Lease Term, or given following any earlier termination of this Lease, require Tenant, at Tenant's expense, to remove any Alterations (as opposed to the Improvements being constructed pursuant to the Work Letter, which Improvements Tenant shall not be required to remove unless otherwise expressly identified by Landlord at the time of approval in accordance with the terms set forth in Section 2.4 of the Work Letter), and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to the condition existing immediately prior to the performance of the subject Alterations; provided, however, if, in connection with its notice to Landlord with respect to any such Alterations or Cosmetic Alterations, (x) Tenant requests Landlord's decision with regard to the removal of such Alterations or Cosmetic Alterations, and (y) Landlord thereafter agrees in writing to waive the removal requirement with regard to such Alterations or Cosmetic Alterations, then Tenant shall not be required to so remove such Alterations or Cosmetic Alterations; provided further, however, that if Tenant requests such a determination from Landlord and Landlord, within ten (10) business days following Landlord's receipt of such request from Tenant with respect to Alterations or Cosmetic Alterations, fails to address the removal requirement with regard to such Alterations or Cosmetic Alterations, Landlord shall be deemed to have agreed to waive the removal requirement with regard to such Alterations or Cosmetic Alterations. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations or improvements in the Premises, and returns the affected portion of the Premises to the condition existing immediately prior to the performance of the subject Alterations, then at Landlord's option Landlord may do so and may charge the cost thereof to Tenant. Except to the extent of Landlord's negligence or willful misconduct, Tenant hereby protects, defends, indemnifies and

holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

8.6 **Exceptions to Landlord's Property**. Landlord and Tenant hereby acknowledge and agree that Tenant shall maintain ownership of, and be permitted to remove upon the expiration or earlier termination of this Lease (subject to the repair provisions set forth in Section 8.5, above), any equipment installed or placed in, or about, or affixed to the Premises, but only to the extent such equipment was paid for in its entirety by Tenant.

8.7 **One Pass Air**. Landlord acknowledges that during the Lease Term Tenant may desire to install a supplemental HVAC (i.e., "**One-Pass Air System**") in the tissue culture room, rodent vivarium and/or other specialty lab space in the Premises, which Alterations are, in concept, pre-approved. Notwithstanding the foregoing, the parties acknowledge and agree that in the event that Tenant desires any such One-Pass Air System in the Premises, the plans and specifications related thereto (including, without limitation, related to the size, location, venting, and structural components) shall remain subject to Landlord's prior written consent, which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any portion of the One-Pass Air System which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building.

ARTICLE 9

COVENANT AGAINST LIENS

Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under applicable laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such lien or encumbrance by bond or otherwise within five (5) days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord under this Lease. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Building or Premises to any liens or encumbrances whether claimed by operation of law or express or implied contract. Any claim to a lien or encumbrance upon the Building or Premises arising in connection with any such work or respecting the Premises not performed by or at the request of Landlord shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project, Building and Premises. Notwithstanding anything to the contrary set forth in this Lease, Tenant may enter into certain

equipment financing and/or leasing arrangements with an equipment-seller or equipment-lessor to secure necessary furniture and equipment (collectively, the "**Tenant's Equipment**").

ARTICLE 10

INSURANCE

10.1 **Indemnification and Waiver**. Except to the extent caused by the negligence or willful misconduct of the "Landlord Parties" (as that term is defined below) , Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant. Tenant shall indemnify, defend, protect, and hold harmless the Land lord Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from: (a) any causes in or on the Premises; (b) the use or occupancy of the Premises by Tenant or any person claiming under Tenant; (c) any activity, work, or thing done, or permitted or suffered by Tenant in or about the Premises; (d) any acts, omission, or negligence of Tenant or any person claiming under Tenant, or the contractors, agents, employees, invitees, or visitors of Tenant or any such person; (e) any breach, violation, or non-performance by Tenant or any person claiming under Tenant or the employees, agents, contractors, invitees, or visitors of Tenant or any such person, of any term, covenant, or provision of this Lease or any law, ordinance, or governmental requirement of any kind; (f) any injury or damage to the person, property, or business of Tenant, its employees, agents, contractors, invitees, visitors, or any other person entering upon the Premises under the express or implied invitation of Tenant; or (g) the placement of any personal property or other items within the Premises; provided, however, that the terms of the foregoing indemnity shall not apply to the extent of the negligence or willful misconduct of Landlord or the Landlord Parties. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as appraisers', accountants' and attorneys' fees. Subject to Tenant's indemnity and the waiver of subrogation provided below, Landlord shall indemnify, defend, protect, and hold harmless Tenant, its partners, and their respective officers, agents, servants, employees, and independent contractors (collectively "**Tenant Parties**") from any and all loss, cost, damage, expense, and liability (including, without limitation, court costs and reasonable attorneys' fees) arising from the negligence or willful misconduct of Landlord or the Landlord Parties in, on or about the Project either prior to or during the Lease Term, and/or as a result of Landlord's breach of this Lease, except to the extent caused by the negligence or willful misconduct of Tenant or the Tenant Parties. Further, Tenant's agreement to indemnify Landlord pursuant to this Section 10.1 is not intended and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease, to the extent such policies cover the matters subject to Tenant's indemnification obligations; nor shall they supersede any inconsistent agreement of the parties set forth in any other provision of this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this

Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination. Notwithstanding anything to the contrary contained in this Lease, nothing in this Lease shall impose any obligations on Tenant or Landlord to be responsible or liable for, and each hereby releases the other from all liability for, consequential damages other than those consequential damages incurred by Landlord in connection with a holdover of the Premises by Tenant in accordance with the TCCS of Article 16 of this Lease.

10.2 **Tenant's Compliance With Landlord's Fire and Casualty Insurance**. Tenant shall, at Tenant's expense, comply with Landlord's insurance company requirements of which Tenant has received notice pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 **Tenant's Insurance**. Throughout the Lease Term, Tenant shall maintain the following coverages in the following amounts. The required evidence of coverage must be delivered to Landlord on or before the date required under Section 10.4(I) sub-sections (x) and (y), or Section 10.4(II) below (as applicable). Such policies shall be for a term of at least one (1) year, or the length of the remaining term of this Lease, whichever is less.

10.3.1 Commercial General Liability Insurance, including Broad Form contractual liability covering the insured against claims of bodily injury, personal injury and property damage (including loss of use thereof) based upon or arising out of Tenant's operations, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be written on an "occurrence" basis. Landlord and any other party the Landlord so specifies that has a material financial interest in the Project, including Landlord's managing agent, ground lessor and/or lender, if any, shall be named as additional insureds as their interests may appear using Insurance Service Organization's form CG2011 or a comparable form approved by Landlord. Tenant shall provide an endorsement or policy excerpt showing that Tenant's coverage is primary and any insurance carried by Landlord shall be excess and non-contributing. The coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations. This policy shall include coverage for all liabilities assumed under this Lease as an insured contract for the performance of all of Tenant's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Tenant nor relieve Tenant of any obligation hereunder. Limits of liability insurance shall not be less than the following; provided, however, such limits may be achieved through the use of an Umbrella/Excess Policy:

Bodily Injury and Property Damage Liability	$5,000,000 each occurrence
Personal Injury and Advertising Liability	$5,000,000 each occurrence

Tenant Legal Liability/Damage to Rented Premises Liability	$1,000,000.00

10.3.2 Property Insurance covering (i) all office furniture, personal property, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's business personal property on the Premises installed by, for, or at the expense of Tenant, (ii) the "Improvements," as that term is defined in Section 2.1 of the Work Letter, and (iii) all Alterations performed in the Premises. Such insurance shall be written on a Special Form basis, for the full replacement cost value (subject to reasonable deductible amounts), without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for (a) all perils included in the CP 10 30 04 02 Coverage Special Form, (b) water damage from any cause whatsoever, including, but not limited to, backup or overflow from sprinkler leakage, bursting, leaking or stoppage of any pipes, explosion, and backup of sewers and drainage, and (c) terrorism (to the extent such terrorism insurance is available as a result of the Terrorism Risk Insurance Act of 2002 (Pub. L. l 07-297, 116 Stat. 2322), the Terrorism Risk Insurance Program Reauthorization Act of 2005 (Pub. l. 109-144), and the Terrorism Risk Insurance Program Reauthorization Act of 2007 (Pub. L. 110-160, 121 Stat. 183), any successor statute or regulation, or is otherwise available at commercially reasonable rates).

10.3.2.1 **Adjacent Premises**. Tenant shall pay for any increase in the premiums for the property insurance of the Project to the extent said increase is caused by Tenant's acts, omissions, use or occupancy of the Premises for other than the Permitted Use (but which for purposes of this provision shall not apply to the extent resulting directly from the particular nature of Tenant's tissue culture room and rodent vivarium uses).

10.3.2.2 **Property Damage**. Tenant shall use the proceeds from any such insurance for the replacement of personal property, trade fixtures and Alterations.

10.3.2.3 **No representation of Adequate Coverage**. Landlord makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Tenant's property, business operations or obligations under this Lease.

10.3.3 **Property Insurance Subrogation**. Landlord and Tenant intend that their respective property loss risks shall be borne by insurance carriers to the extent above provided (and, in the case of Tenant, by an insurance carrier satisfying the requirements of Section 10.4(i) below), and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. The parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers. Landlord and Tenant hereby represent and warrant that their respective "all risk" property insurance policies include a waiver of (i) subrogation by the insurers, and (ii) all rights based upon an assignment from its insured, against Landlord and/or any of the Landlord Parties or Tenant and/or any of the Tenant Parties (as the case may be) in connection with any property loss risk thereby insured against. Tenant will cause all other occupants of the Premises claiming by, under, or through Tenant to execute and deliver to Landlord a waiver of claims similar to the waiver in this Section 10.3.3 and to obtain such waiver of subrogation rights

endorsements. If either party hereto fails to maintain the waivers set forth in items (i) and (ii) above, the party not maintaining the requisite waivers shall indemnify, defend, protect, and hold harmless the other party for, from and against any and all claims, losses, costs, damages, expenses and liabilities (including, without limitation, court costs and reasonable attorneys' fees) arising out of, resulting from, or relating to, such failure.

10.3.4 Business Income Interruption for one year (1) plus Extra Expense insurance in such amounts as will reimburse Tenant for actual direct or indirect loss of earnings attributable to the risks outlined in Section 10.3.2 above.

10.3.5 Worker's Compensation or other similar insurance pursuant to all applicable state and local statutes and regulations, and Employer's Liability with minimum limits of not less than $1,000,000 each accident/employee/disease.

10.3.6 Commercial Automobile Liability Insurance covering all Owned (if any), Hired, or Non-owned vehicles with limits not less than $1,000,000 combined single limit for bodily injury and property damage.

10.4 **Form of Policies**. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) be issued by an insurance company having an AM Best rating of not less than A-X, or which is otherwise acceptable to Landlord and licensed to do business in the State of California, (ii) be in form and content reasonably acceptable to Landlord and complying with the requirements of Section 10.3 (including, Sections 10.3.1 through 10.3.6), (iii) Tenant shall not do or permit to be done anything which invalidates the required insurance policies, and (iv) provide that said insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord, the identity of whom has been provided to Tenant in writing. Tenant shall deliver said policy or policies or certificates thereof and applicable endorsements which meet the requirements of this Article 10 to Landlord on or before (I) the earlier to occur of: (x) the Lease Commencement Date, and (y) the date Tenant and/or its employees, contractors and/or agents first enter the Premises for occupancy, construction of improvements, alterations, or any other move-in activities, and (II) five (5) business days after the renewal of such policies. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificates and applicable endorsements, Landlord may, at its option, after written notice to Tenant and Tenant's failure to obtain such insurance within five (5) days thereafter, procure such policies for the account of Tenant and the sole benefit of Landlord, and the cost thereof shall be paid to Landlord after delivery to Tenant of bills therefor.

10.5 **Additional Insurance Obligations**. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord; provided, however, that no such increase shall be requested or required by Landlord during the initial Lease Term.

10.6 **Third-Party Contractors**. Tenant shall obtain and deliver to Landlord, Third Party Contractor's certificates of insurance and applicable endorsements at least seven (7) business days prior to the commencement of work in or about the Premises by any vendor or any other third-party contractor (collectively, a "**Third Party Contractor**"). All such insurance shall (a) name Landlord as an additional insured under such party's liability policies as required by Section 10.3.1 above and this Section 10.6, (b) provide a waiver of subrogation in favor of Landlord under such Third Party Contractor's commercial general liability insurance, (c) be primary and any insurance carried by Landlord shall be excess and non-contributing, and (d) comply with Landlord's minimum insurance requirements.

10.7 **Landlord's Fire, Casualty, and Liability Insurance**.

10.7.1 Landlord shall maintain Commercial General Liability Insurance with at least Five Million Dollars ($5,000,000) in coverage, with respect to the Building during the Lease Term covering claims for bodily injury, personal injury, and property damage in the Project Common Areas and with respect to Landlord's activities in the Premises.

10.7.2 Landlord shall insure the Building and Landlord's remaining interest in the Improvements and Alterations with a policy of Physical Damage Insurance including building ordinance coverage, written on a standard Causes of Loss—Special Form basis (against loss or damage due to fire and other casualties covered within the classification of fire and extended coverage, vandalism, and malicious mischief, sprinkler leakage, water damage and special extended coverage), covering the full replacement cost of the Base Building, Premises and other improvements (including coverages for enforcement of Applicable Laws requiring the upgrading, demolition, reconstruction and/or replacement of any portion of the Building as a result of a covered loss) without a deduction for depreciation.

10.7.3 Landlord shall maintain Boiler and Machinery/Equipment Breakdown Insurance covering the Building against risks commonly insured against by a Boiler and Machinery/Equipment Breakdown policy and such policy shall cover the full replacement costs, without deduction for depreciation.

10.7.4 The foregoing coverages shall contain commercially reasonable deductible amounts from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine.

10.7.5 Additionally, at the option of Landlord, such insurance coverage may include the risk of (i) earthquake, (ii) flood damage and additional hazards, or (iii) a rental loss endorsement for a period of up to two (2) years.

10.7.6 Notwithstanding the foregoing provisions of this Section 10.7, the coverage and amounts of insurance carried by Landlord in connection with the Building shall, at a minimum, be comparable to the coverage and amounts of insurance which are carried by reasonably prudent landlords of Comparable Buildings. In addition, Landlord shall carry Worker's Compensation and Employer's Liability coverage as required by applicable law.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.1 **Repair of Damage to Premises by Landlord**. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Base Building and such Common Areas. Such restoration shall be to substantially the same condition of the Base Building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, which are consistent with the character of the Project, provided that access to the Premises and any common restrooms serving the Premises shall not be materially impaired. Upon the occurrence of any damage to the Premises, upon notice (the "**Landlord Repair Notice**") to Tenant from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under Section 10.3.2(ii) and (iii) of this Lease, and Landlord shall repair any injury or damage to the Improvements installed in the Premises and shall return such Improvements to their original condition; provided that if the cost of such repair by Landlord exceeds the amount of insurance proceeds received by Landlord from both Landlord's insurance carrier and Tenant's insurance carrier, as assigned by Tenant, the excess cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's commencement of repair of the damage. In the event that Landlord does not deliver the Landlord Repair Notice within sixty (60) days following the date the casualty becomes known to Landlord, then Tenant shall not assign its insurance proceeds as set forth hereinabove, and Tenant shall, at its sole cost and expense, repair any injury or damage to the Improvements installed in the Premises and shall return such Improvements to their original condition. Whether or not Landlord delivers a Landlord Repair Notice, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval, all plans, specifications and working drawings relating thereto, and Landlord shall select the contractors to perform such improvement work. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, and the Premises are not occupied by Tenant as a result thereof, then during the time and to the extent the Premises are unfit for occupancy, the Rent shall be abated in proportion to the ratio that the amount of rentable square feet of the Premises which is unfit for occupancy for the purposes permitted under this Lease bears to the total rentable square feet of the Premises. In the event that Landlord shall not deliver the Landlord Repair Notice, Tenant's right to rent abatement pursuant to the preceding sentence shall terminate as of the date Tenant should have completed repairs to the Premises assuming Tenant used reasonable due diligence in connection therewith.

11.2 **Landlord's Option to Repair**. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty

(60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building or Project shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within one hundred eighty (180) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) the damage is not fully covered by Landlord's insurance policies; (iv) Landlord decides to rebuild the Building or Common Areas so that they will be substantially different structurally or architecturally; (v) the damage occurs- during the last twelve (12) months of the Lease Term; or (vi) any owner of any other portion of the Project, other than Landlord, does not intend to repair the damage to such portion of the Project; provided, however, that if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and the repairs cannot, in the reasonable opinion of Landlord, be completed within one hundred eighty (180) days after being commenced, Tenant may elect, no earlier than sixty (60) days after the date of the damage and not later than ninety (90) days after the date of such damage, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. Furthermore, if neither Landlord nor Tenant has terminated this Lease, and the repairs are not actually completed within such 180-day period, Tenant shall have the right to terminate this Lease during the first five (5) business days of each calendar month following the end of such period until such time as the repairs are complete, by notice to Landlord (the "**Damage Termination Notice**"), effective as of a date set forth in the Damage Termination Notice (the "**Damage Termination Date**"), which Damage Termination Date shall not be less than ten (10) business days following the end of each such month. Notwithstanding the foregoing, if Tenant delivers a Damage Termination Notice to Landlord, then Landlord shall have the right to suspend the occurrence of the Damage Termination Date for a period ending thirty (30) days after the Damage Termination Date set forth in the Damage Termination Notice by delivering to Tenant, within five (5) business days of Landlord's receipt of the Damage Termination Notice, a certificate of Landlord's contractor responsible for the repair of the damage certifying that it is such contractor's good faith judgment that the repairs shall be substantially completed within thirty (30) days after the Damage Termination Date. If repairs shall be substantially completed prior to the expiration of such thirty-day period, then the Damage Termination Notice shall be of no force or effect, but if the repairs shall not be substantially completed within such thirty- day period, then this Lease shall terminate upon the expiration of such thirty-day period. At any time, from time to time, after the date occurring sixty (60) days after the date of the damage, Tenant may request that Landlord inform Tenant of Landlord's reasonable opinion of the date of completion of the repairs and Landlord shall respond to such request within five (5) business days. Notwithstanding the provisions of this Section 11.2, Tenant shall have the right to terminate this Lease under this Section 11.2 only if each of the following conditions is satisfied: (a) the damage to the Project by fire or other casualty was not caused by the gross negligence or intentional act of Tenant or its partners or subpartners and their respective officers, agents, servants, employees, and independent contractors; (b) Tenant is not then in default under this Lease; and (c) as a result of the damage,

Tenant cannot reasonably conduct, and does not conduct, business from the Premises. In the event this Lease is terminated in accordance with the terms of this Section 11.2, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under items (ii) and (iii) of Section 10.3.2 of this Lease.

11.3 **Waiver of Statutory Provisions**. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

ARTICLE 12

NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

ARTICLE 13

CONDEMNATION

If the whole or any part of the Premises, Building or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use, reconstruction or remodeling of

any part of the Premises, Building or Project, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. If more than ten percent (10%) of the rentable square feet of the Premises is taken, or if access to the Premises is substantially impaired, in each case for a period in excess of one hundred eighty (180) days, Tenant shall have the option to either (i) terminate this Lease effective as of the date possession is required to be surrendered to the authority, or (ii) continue this Lease in effect with a proportionate reduction in the Base Rent and Tenant's Share of Direct Expenses. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claims do not diminish the award available to Landlord, its ground lessor with respect to the Building or Project or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

ARTICLE 14

ASSIGNMENT AND SUBLETTING

14.1 **Transfers**. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "**Transfer Premium**", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative

documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, provided that Landlord shall have the right to require Tenant to utilize Landlord's standard consent documents in connection with the documentation of Landlord's consent to such Transfer, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space and (v) an executed estoppel certificate from Tenant in the form attached hereto as **Exhibit E**. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord, within thirty (30) days after written request by Landlord, in an amount not to exceed Two Thousand Five Hundred and No/100 Dollars ($2,500.00) in the aggregate, but such limitation of fees shall only apply to the extent such Transfer is in the ordinary course of business. Landlord and Tenant hereby agree that a proposed Transfer shall not be considered "in the ordinary course of business" if such Transfer involves the review of documentation by Landlord on more than two (2) occasions.

14.2 **Landlord's Consent**. Landlord shall not unreasonably withhold its consent to any proposed Transfer (including without limitation any Transfer under Section 14.6 below) of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee intends to use the Subject Space for purposes which are not permitted under this Lease;

14.2.3 The Transferee is either a governmental agency or instrumentality thereof;

14.2.4 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested;

14.2.5 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease;

14.2.6 The terms of the proposed Transfer will allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant (or will allow the Transferee to occupy space leased by Tenant pursuant to any such right); or

14.2.7 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, occupies space in the Project at the time of the request for consent, or (ii) is negotiating with Landlord to lease space in the Project at such time, or (iii) has negotiated with Landlord during the six (6)-month period immediately preceding the Transfer Notice, and Landlord has reasonably comparable space in the Project then available to lease to such Transferee; or

14.2.8 The Transferee does not intend to occupy the entire Premises and conduct its business therefrom for a substantial portion of the term of the Transfer.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, or which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a suit for contract damages (other than damages for injury to, or interference with, Tenant's business including, without limitation, loss of profits, however occurring) or declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee.

14.3 **Transfer Premium**. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "Transfer Premium," as that term is defined in this Section 14.3, received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any free base rent or other economic concessions reasonably provided to the Transferee, (iii) any brokerage commissions in connection with the Transfer, (iv) any attorneys' fees incurred by Tenant in connection with the negotiation and documentation of the Transfer, (v) any lease takeover costs incurred by Tenant in connection with the Transfer, (vi) any costs of advertising the space which is the subject of the Transfer, and (vii) any review and processing fees paid to Landlord in connection with such Transfer. "Transfer Premium" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market

value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. In the calculations of the Rent (as it relates to the Transfer Premium calculated under this Section 14.3), the Rent paid during each annual period for the Subject Space shall be computed after adjusting such rent to the actual effective rent to be paid, taking into consideration any and all leasehold concessions granted in connection therewith, including, but not limited to, any rent credit and tenant improvement allowance. For purposes of calculating any such effective rent all such concessions shall be amortized on a straight-line basis over the relevant term.

14.4 **Landlord's Option as to Subject Space**. Notwithstanding anything to the contrary contained in this Article 14, in the event Tenant contemplates a Transfer of all or a portion of the Premises (or in the event of any other Transfer or Transfers entered into by Tenant as a subterfuge in order to avoid the terms of this Section 14.4), Tenant shall give Landlord notice (the "**Intention to Transfer Notice**") of such contemplated Transfer (whether or not the contemplated Transferee or the terms of such contemplated Transfer have been determined). The Intention to Transfer Notice shall specify the portion of and amount of rentable square feet of the Premises which Tenant intends to Transfer (the "**Contemplated Transfer Space**"), the contemplated date of commencement of the Contemplated Transfer (the "**Contemplated Effective Date**"), and the contemplated length of the term of such contemplated Transfer, and shall specify that such Intention to Transfer Notice is delivered to Landlord pursuant to this Section 14.4 in order to allow Landlord to elect to recapture the Contemplated Transfer Space for the term set forth in the Intention to Transfer Notice. Thereafter, Landlord shall have the option, by giving written notice to Tenant (the "Recapture Notice") within twenty (20) days after receipt of any Intention to Transfer Notice, to recapture the Contemplated Transfer Space. However, if Landlord delivers a Recapture Notice to Tenant, Tenant may, within ten (10) days after Tenant's receipt of such Recapture Notice, deliver written notice to Landlord rescinding the subject Intention to Transfer notice, in which case neither such Transfer or recapture shall be consummated and this Lease shall remain in full force and effect as to the corresponding Subject Space; provided, however, Tenant's failure to timely rescind its Intention to Transfer Notice as set forth in this sentence shall be deemed to constitute Tenant's election to allow the Recapture Notice to be effective. Any recapture shall cancel and terminate this Lease with respect to such Contemplated Transfer Space as of the Contemplated Effective Date (or at Landlord's option, shall cause the Transfer to be made to Landlord or its agent, in which case the parties shall execute the Transfer documentation promptly thereafter). In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner, to recapture such Contemplated Transfer Space under this Section 14.4, then, subject to the other terms of this Article 14, for a period of nine (9) months (the "**Nine Month Period**") commencing on the last day of such twenty (20) day period, Landlord shall not have any right to recapture the Contemplated Transfer Space with respect to any Transfer made during the Nine Month Period, provided that any such Transfer is substantially on the terms set forth in the Intention to Transfer Notice, and provided further that any such Transfer shall be subject to the remaining terms of this Article 14. If such a Transfer is not so consummated within the Nine Month Period (or if a Transfer is so consummated, then upon the expiration of the term

of any Transfer of such Contemplated Transfer Space consummated within such Nine Month Period), Tenant shall again be required to submit a new Intention to Transfer Notice to Landlord with respect any contemplated Transfer, as provided above in this Article 14.4.

14.5 **Effect of Transfer**. If Landlord consents to a Transfer, (i) the TCCs of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than two percent (2%), Tenant shall pay Landlord's costs of such audit.

14.6 **Additional Transfers**. Subject to the terms set forth in Section 14.8, below, for purposes of this Lease, the term "**Transfer**" shall also include (i) if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of more than fifty percent (50%) or more of the partners, or transfer of more than fifty percent (50%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (i.e., whose stock is not publicly held and not traded through an exchange or over the counter), the dissolution, merger, consolidation or other reorganization of Tenant or (B) the sale or other transfer of an aggregate of more than fifty percent (50%) or more of the voting shares of Tenant within a twelve (12)-month period (but excluding transfers (a) to immediate family members by reason of gift or death, or (b) by any of Tenant's investors to any such investor's limited partners and/or members), or (C) the sale, mortgage, hypothecation or pledge of an aggregate of more than fifty percent (50%) or more of the value of the unencumbered assets of Tenant within a twelve (12)-month period; provided, however, the parties hereby acknowledge that transactions involving Tenant's stock or assets that fall below the specified thresholds described in this sentence above shall not require Landlord's consent. Notwithstanding the foregoing, the raising of capital by Tenant in connection with a sale, issuance or other offering of stock or ownership interests in Tenant (each, together with any related transactions, a "Capital Raising Event") shall not be deemed a Transfer nor require Landlord's consent hereunder; provided, however, (1) any such Capital Raising Event shall be for the bona fide purpose of raising capital in Tenant (as opposed to being for the purpose of a total or partial liquidation of an existing shareholder's interest in Tenant) and is not otherwise a subterfuge by Tenant to avoid its obligations under this Lease, and (2) Tenant shall continue to conduct its business operations in the Premises in accordance with the Permitted Use.

14.7 **Occurrence of Default**. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease (beyond the applicable notice and cure period set forth in this Lease), Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person.

14.8 **Non-Transfers**. Notwithstanding anything to the contrary contained in this Article 14, (i) a Transfer of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant), (ii) a Transfer to an entity which acquires all or substantially all of the assets or interests (partnership, stock or other) of Tenant, or (iii) a Transfer to an entity which is the resulting entity of a merger, consolidation, public offering, reorganization or dissolution of Tenant, or which becomes the parent or successor of Tenant by reason of merger, consolidation, public offering, reorganization, dissolution, or sale of stock, membership or partnership interests or assets, shall not be deemed a Transfer under this Article 14, provided that Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with any documents or information requested by Landlord regarding such assignment or sublease or such affiliate, and further provided that such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease or otherwise effectuate any "release" by Tenant of such obligations and such Permitted Transferee shall thereafter become liable under this Lease, on a joint and several basis, with Tenant. The assignee under an assignment specified in items (i), (ii) or (iii) above shall be referred to as a "**Permitted Transferee**." "**Control**," as used in this Section 14.8, shall mean the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of more than fifty percent (50%) of the voting interest in, any person or entity.

14.9 **Occupancy by Others**. Notwithstanding any contrary provision of this Article 14, Tenant shall have the right (without the payment of a Transfer Premium, without being subject to Section 14.4, and without the receipt of Landlord's consent, but only following prior written notice to Landlord), to permit the occupancy (which shall otherwise be deemed a Transfer hereunder) of up to a cumulative total of twenty-five percent (25%) of the rentable square footage of the Premises, in the aggregate, to any individual(s) with an ongoing, business substantially similar to the Permitted Use ("**Tenant's Occupants**") on and subject to the following conditions: (i) such individuals or entities shall not be permitted to occupy a separately

demised portion of the Premises which contains an entrance to such portion of the Premises other than the primary entrance to the Premises; (ii) all such individuals or entities shall be of a character and reputation consistent with the first-class quality of the Building and the Project; and (iii) such occupancy shall not be a subterfuge by Tenant to avoid its obligations under this Lease or the restrictions on Transfers pursuant to this Article L 4. Tenant shall promptly supply Landlord with any documents or information reasonably requested by Landlord regarding any such individuals or entities. Notwithstanding the foregoing, no such occupancy shall relieve Tenant from any liability under this Lease.

ARTICLE 15

SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 **Surrender of Premises**. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant**. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, business and trade fixtures, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

ARTICLE 16

HOLDING OVER

If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with or without the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term, and in such case Rent shall be payable at a monthly rate equal to the product of (i) the Rent

applicable during the last rental period of the Lease Term under this Lease, and (ii) a percentage equal to one hundred fifty percent (150%). Such month-to-month tenancy shall be subject to every other applicable term, covenant and agreement contained herein. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law; provided, however, to the extent Landlord affirmatively consents to Tenant's holding over in the Premises, then in no event shall Tenant be liable to Landlord for, or otherwise be required to indemnify Landlord with respect to, any consequential damages in connection therewith. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease without Landlord's affirmative consent, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom; provided, however, that in no event shall Tenant be liable for consequential damages attributable to the first thirty (30) days of any holding over by Tenant. In the event of any potential or actual holding over of the Premises by Tenant, Tenant may elect to send a written notice to Landlord (specifically referencing this Article 16) requesting an update as to whether Landlord has entered into a third-party lease for the Premises following the expiration or earlier termination of this Lease, and Landlord shall, within ten (10) business days of its receipt of such notice from Tenant, notify Tenant whether or not Landlord has entered into a third-party lease as of the date of such notice for the Premises following the expiration or earlier termination of this Lease; provided, however, in no event shall any such notice by Tenant to Landlord, or any subsequent notice from Landlord to Tenant (or any failure by Landlord to provide such notice) be deemed a waiver of any of Tenant's obligations or liabilities under this Article 16.

ARTICLE 17

ESTOPPEL CERTIFICATES

Within ten (10) days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of **Exhibit E**, attached hereto (or such other form as may be required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other commercially reasonable instruments may be reasonably required for such purposes. At any time during the Lease Term, Landlord may require Tenant to provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Failure of Tenant to timely execute, acknowledge and

deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception.

ARTICLE 18

SUBORDINATION

Landlord covenants that there is no existing mortgage, deed of trust, ground lease or other encumbrance encumbering the Project or any portion thereof as of the Effective Date. This Lease shall be subject and subordinate to all future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto (collectively, the "**Superior Holders**"); provided, however, that in consideration of and a condition precedent to Tenant's agreement to subordinate this Lease, shall be the receipt by Tenant of a subordination non-disturbance and attornment agreement in a commercially reasonable form, which requires such Superior Holder to accept this lease, and not to disturb tenant's possession, so long as an event of default has not occurred and be continuing (a "**SNDA**") executed by Landlord and the appropriate Superior Holder. Subject to Tenant's receipt of an SNDA, Tenant covenants and agrees that in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the TCCs of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within five (5) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

ARTICLE 19

DEFAULTS; REMEDIES

19.1 **Events of Default**. The occurrence of any of the following shall constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) business days after notice; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default, but in no event exceeding a period of time in excess of ninety (90) days after written notice thereof from Landlord to Tenant; or

19.1.3 To the extent permitted by law, (i) Tenant or any guarantor of this Lease being placed into receivership or conservatorship, or becoming subject to similar proceedings under Federal or State law, or (ii) a general assignment by Tenant or any guarantor of this Lease for the benefit of creditors, or (iii) the taking of any corporate action in furtherance of bankruptcy or dissolution whether or not there exists any proceeding under an insolvency or bankruptcy law, or (iv) the filing by or against Tenant or any guarantor of any proceeding under an insolvency or bankruptcy law, unless in the case of such a proceeding filed against Tenant or any guarantor the same is dismissed within sixty (60) days, or (v) the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Tenant or any guarantor, unless possession is restored to Tenant or such guarantor within thirty (30) days, or (vi) any execution or other judicially authorized seizure of all or substantially all of Tenant's assets located upon the Premises or of Tenant's interest in this Lease, unless such seizure is- discharged within thirty (30) days; or

19.1.4 Abandonment or vacation pursuant to the terms of California Civil Code Section 1951.3 of all or a substantial portion of the Premises by Tenant; or

19.1.5 The failure by Tenant to observe or perform according to the provisions of Articles 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord; or

19.1.6 The failure by Tenant to observe or perform according to the provisions of Articles 5 or 14 of this Lease where such failure continues for more than ten (10) business days after notice from Landlord; or

19.1.7 Tenant's failure to occupy the Premises within one hundred twenty (120) days after the Lease Commencement Date.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 **Remedies Upon Default**. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity

(all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever (except as otherwise expressly set forth in this Lease).

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim for damages therefor; and Landlord may recover from Tenant the following:

(a) The worth at the time of award of any unpaid rent which has been earned at the time of such termination; plus

(b) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(c) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(d) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(e) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 19.2.1(a) and (b), above, the "worth at the time of award" shall be computed by allowing interest at the Interest Rate. As used in Section 19.2.1(c), above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 **Subleases of Tenant**. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 **Form of Payment After Default**. Following the occurrence of the second (2nd) event of economic default by Tenant (beyond all applicable notice and cure periods) occurring within any twelve (12) month period, Landlord shall have the right to require that any or all subsequent amounts paid by Tenant to Landlord hereunder, whether to cure the default in question or otherwise, be paid in the form of cash, money order, cashier's or certified check drawn on an institution acceptable to Landlord, or by other means approved by Landlord, notwithstanding any prior practice of accepting payments in any different form.

19.5 **Efforts to Relet**. No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.6 **Landlord Default**. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease if Landlord fails to perform such obligation within thirty (30) days after the receipt of notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursues the same to completion. Upon any such default by Landlord under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity. Any award from a court or arbitrator in favor of Tenant requiring payment by Landlord which is not paid by Landlord within the time period directed by such award, may be offset by Tenant from Rent next due and payable under this Lease; provided, however, Tenant may not deduct the amount of the award against more than fifty percent (50%)

of Base Rent next due and owing (until such time as the entire amount of such judgment is deducted) to the extent following a foreclosure or a deed-in-lieu of foreclosure.

ARTICLE 20

COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other TCCs, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the TCCs, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

ARTICLE 21

SECURITY DEPOSIT

Concurrent with Tenant's execution of this Lease, Tenant shall deposit with Landlord a security deposit (the "**Security Deposit**") in the amount set forth in Section 8 of the Summary, as security for the faithful performance by Tenant of all of its obligations under this Lease. If Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of Rent, the removal of property and the repair of resultant damage, Landlord may, without notice to Tenant, but shall not be required to apply all or any part of the Security Deposit for the payment of any Rent or any other sum in default and Tenant shall, upon demand therefor, restore the Security Deposit to its original amount. Any unapplied portion of the Security Deposit shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within thirty (30) days following the expiration of the Lease Term. Tenant shall not be entitled to any interest on the Security Deposit. Tenant hereby irrevocably waives and relinquishes any and all rights, benefits, or protections, if any, Tenant now has, or in the future may have, under Section 1950.7 of the California Civil Code, any successor statute, and all other provisions of law, now or hereafter in effect, including, but not limited to, any provision of law which (i) establishes the time frame by which a landlord must refund a security deposit under a lease, or (ii) provides that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant, or to clean the subject premises. Tenant acknowledges and agrees that (A) any statutory time frames for the return of a security deposit are superseded by the express period identified in this Article 21, above, and (B) rather than be so limited, Landlord may claim from the Security Deposit (i) any and all sums expressly identified in this Article 21, above, and (ii) any additional sums reasonably necessary to compensate Landlord for any and all losses or damages caused by Tenant's default of this Lease, including, but not limited to, all damages or rent due upon termination of this Lease pursuant to Section 1951.2 of the California Civil Code.

ARTICLE 22

LETTER OF CREDIT

22.1 **Delivery of Letter of Credit**. Tenant shall deliver to Landlord, within forty-five (45) days following Tenant's execution of this Lease, an unconditional, clean, irrevocable letter of credit (the "**L-C**") in the amount set forth in Section 22.3 below (the "**L-C Amount**"), which L-C shall be issued by a money-center, solvent and nationally recognized bank (a bank which accepts deposits, maintains accounts, has a local San Diego office which will negotiate a letter of credit, and whose deposits are insured by the FDIC) reasonably acceptable to Landlord, and Landlord hereby pre-approves UBS Bank USA (such approved, issuing bank being referred to herein as the "**Bank**"), which Bank must have a short term Fitch Rating which is not less than "F l ", and a long term Fitch Rating which is not less than "A"(or in the event such Fitch Ratings are no longer available, a comparable rating from Standard and Poor' s Professional Rating Service or Moody's Professional Rating Service) (collectively, the "**Bank's Credit Rating Threshold**"), and which L-C shall be substantially in the form of **Exhibit G**, attached hereto. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining the L-C. The L-C shall (i) be "callable" at sight, irrevocable and unconditional, (ii) be maintained in effect, whether through renewal or extension, for the period commencing on the date of issuance of such L-C and continuing until the date (the "**L-C Expiration Date**") that is no less than one hundred twenty (120) days after the expiration of the Lease Term, as the same may be extended, and Tenant shall deliver a new L-C or certificate of renewal or extension to Landlord at least thirty (30) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, (iii) be fully assignable by Landlord, its successors and assigns, (iv) permit partial draws and multiple presentations and drawings, and (v) be otherwise subject to the Uniform Customs and Practices for Documentary Credits (1993-Rev), International Chamber of Commerce Publication #500, or the International Standby Practices- ISP 98, International Chamber of Commerce Publication #590. Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is due to Landlord under the terms and conditions of this Lease, or (B) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code, or (D) the Bank has notified Landlord that the L-C will not be renewed or extended through the L-C Expiration Date, or (E) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (F) Tenant executes an assignment for the benefit of creditors, or (G) if (I) any of the Bank's Fitch Ratings (or other comparable ratings to the extent the Fitch Ratings are no longer available) have been reduced below the Bank's Credit Rating Threshold, or (2) there is otherwise a material adverse change in the financial condition of the Bank, and Tenant has failed to provide Landlord with a replacement letter of credit, conforming in all respects to the requirements of this Article 22 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in this Section 22.1 above), in the amount of the applicable L-C Amount, within ten (IO) days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) (each of the foregoing being an "**L-C Draw Event**"). The L-C shall be honored by the Bank regardless of whether Tenant disputes Landlord's right to draw upon the L-C. In addition, in the event the Bank is placed into receivership or conservatorship by the

Federal Deposit Insurance Corporation or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said L-C shall be deemed to fail to meet the requirements of this Article 22, and, within ten (10) days following Landlord's notice to Tenant of such receivership or conservatorship (the "**L-C FDIC Replacement Notice**"), Tenant shall replace such L-C with a substitute letter of credit from a different issuer (which issuer shall meet or exceed the Bank's Credit Rating Threshold and shall otherwise be acceptable to Landlord in its reasonable discretion) and that complies in all respects with the requirements of this Article 22. If Tenant fails to replace such L-C with such conforming, substitute letter of credit pursuant to the terms and conditions of this Section 22.1, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid ten (10) day period). Tenant shall be responsible for the payment of any and all costs incurred with the review of any replacement L-C (including without limitation Landlord's reasonable attorneys' fees), which replacement is required pursuant to this Section or is otherwise requested by Tenant.

22.2 **Application of L-C**. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C upon the occurrence of any L-C Draw Event. In the event of any L-C Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant, draw upon the L-C, in part or in whole, to cure any such L-C Draw Event and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default of the Lease or other L-C Draw Event and/or to compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable law, it being intended that Landlord shall not first be required to proceed against the L-C, and such L-C shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. No condition or term of this Lease shall be deemed to render the L-C conditional to justify the issuer of the L-C in failing to honor a drawing upon such L-C in a timely manner. Tenant agrees and acknowledges that the L-C constitutes a separate and independent contract between Landlord and the Bank, Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, and/or there is an event of a receivership, conservatorship or a bankruptcy filing by, or on behalf of, Tenant, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise.

22.3 **L-C Amount; Maintenance of L-C by Tenant; Liquidated Damages**.

22.3.1 **L-C Amount**. The L-C Amount shall initially be equal to One Hundred Sixty Thousand and 00/100 Dollars ($160,000.00).

22.3.2 **Reduction of L-C Amount**. To the extent that Tenant is not in default under this Lease (beyond the applicable notice and cure period set forth in this Lease), the L-C Amount shall be reduced as follows:

Date of Reduction	L-C Amount
September 1, 2012	$135,000.00
September 1, 2013	$110,000.00
September 1, 2014	$ 85,000.00
September 1, 2015	$ 60,000.00

Notwithstanding anything to the contrary set forth in this Section 22.3.2, in no event shall the L-C Amount as set forth above decrease during any period in which Tenant is in default under this Lease (beyond any applicable notice and cure periods), but such decrease shall take place retroactively after such default is cured, provided that no such decrease shall thereafter take effect in the event this Lease is terminated early due to such default by Tenant.

22.3.3 **In General**. If, as a result of any drawing by Landlord of all or any portion of the L-C, the amount of the L-C shall be less than the L-C Amount, Tenant shall, within ten (10) days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency, and any such additional letter(s) of credit shall comply with all of the provisions of this Article 22, and if Tenant fails to comply with the foregoing, the same shall be subject to the terms of Section 22.3.3 below. Tenant further covenants and warrants that it will neither assign nor encumber the L-C or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the L-C expires earlier than the L-C Expiration Date, Landlord will accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than thirty (30) days prior to the expiration of the L-C), which shall be irrevocable and automatically renewable as above provided through the L-C Expiration Date upon the same terms as the expiring L-C or such other terms as may be acceptable to Landlord in its sole discretion. If Tenant exercises its option to extend the Lease Term pursuant to Section 2.3 of this Lease then, not later than one hundred twenty (120) days prior to the commencement of the applicable Option Term, Tenant shall deliver to Landlord a new L-C or certificate of renewal or extension evidencing the L-C Expiration Date as one hundred twenty (120) days after the expiration of the Option Term. However, if the L-C is not timely renewed, or if Tenant fails to maintain the L-C in the amount and in accordance with the terms set forth in this Article 22, Landlord shall have the right to either (x) present the L-C to the Bank in accordance with the terms of this Article 22, and the proceeds of the L-C may be applied by Landlord against any Rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease, or (y) pursue its remedy under Section 22.3.3 below. In the event Landlord elects to exercise its rights under the foregoing item (x), (I) any unused proceeds shall constitute the property of Landlord (and not Tenant's property or, in the event of a

receivership, conservatorship, or a bankruptcy filing by Tenant, property of such receivership, conservatorship or Tenant's bankruptcy estate) and need not be segregated from Landlord's other assets, and (II) Landlord agrees to pay to Tenant within thirty (30) days after the L-C Expiration Date the amount of any proceeds of the L-C received by Landlord and not applied against any Rent payable by Tenant under this Lease that was not paid when due or used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease; provided, however, that if prior to the L-C Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused L-C proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed.

22.3.4 **FAILURE TO MAINTAIN; REPLACE AND/OR REINSTATE L-C; LIQUIDATED DAMAGES**. IN THE EVENT THAT TENANT FAILS, WITHIN (I) THAT PERIOD SET FORTH IN SECTION 22.3.2 ABOVE, OR (II) THAT PERIOD SET FORTH IN THE L-C FDIC REPLACEMENT NOTICE, TO PROVIDE LANDLORD WITH ADDITIONAL L-C(S) IN AN AMOUNT EQUAL TO THE DEFICIENCY OR A REPLACEMENT L-C (AS APPLICABLE), THEN TENANT'S MONTHLY INSTALLMENT OF BASE RENT SHALL BE INCREASED TO ONE HUNDRED TEN PERCENT (110%) OF ITS THEN EXISTING LEVEL DURING THE PERIOD COMMENCING ON THE DATE WHICH IS THE LAST DAY OF THE PERIOD IDENTIFIED IN SECTION 22.3.2 OR THE L-C FDIC REPLACEMENT NOTICE (AS APPLICABLE), AND ENDING ON THE EARLIER TO OCCUR OF (X) THE DATE TENANT PROVIDES LANDLORD WITH ADDITIONAL L-C(S) IN AN AMOUNT EQUAL TO THE DEFICIENCY AS CONTEMPLATED BY THE TERMS OF SECTION 22.3.2 ABOVE, OR THE L-C FDIC REPLACEMENT NOTICE (AS APPLICABLE), OR (Y) THE DATE WHICH IS NINETY (90) DAYS AFTER THE LAST DAY OF THE PERIOD IDENTIFIED IN SECTION 22.3.2 OR THE L-C FDIC REPLACEMENT NOTICE (AS APPLICABLE). IN THE EVENT THAT TENANT FAILS, DURING SUCH NINETY (90) DAY PERIOD FOLLOWING THE LAST DAY OF THE PERIOD IDENTIFIED IN SECTION 22.3.2 OR THE L-C FDIC REPLACEMENT NOTICE (AS APPLICABLE), TO PROVIDE LANDLORD WITH ADDITIONAL L-C(S) IN AN AMOUNT EQUAL TO THE DEFICIENCY OR A REPLACEMENT L-C (AS APPLICABLE), THEN TENANT'S MONTHLY INSTALLMENT OF BASE RENT SHALL BE INCREASED TO ONE HUNDRED TWENTY PERCENT (120%) OF ITS THEN EXISTING LEVEL DURING THE PERIOD COMMENCING ON THE DATE WHICH IS NINETY (90) DAYS AFTER THE LAST DAY OF THE PERIOD IDENTIFIED IN SECTION 22.3.2 OR THE L-C FDIC REPLACEMENT NOTICE (AS APPLICABLE) AND ENDING ON THE DATE SUCH ADDITIONAL L-C(S) ARE ISSUED IN AN AMOUNT EQUAL TO THE DEFICIENCY OR SUCH A REPLACEMENT L-C IS ISSUED (AS APPLICABLE) PURSUANT TO THE TERMS OF SECTION 22.3.2 OR THE L-C FDIC REPLACEMENT NOTICE (AS APPLICABLE). THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO ASCERTAIN THE ACTUAL DAMAGES SUFFERED BY LANDLORD AS A RESULT OF TENANT'S FAILURE TO TIMELY PROVIDE LANDLORD WITH ADDITIONAL L-C(S) IN AN AMOUNT EQUAL TO THE DEFICIENCY AS REQUIRED IN SECTION 22.3.2, OR A REPLACEMENT L-C AS CONTEMPLATED BY THE L-C FDIC REPLACEMENT NOTICE

(AS APPLICABLE), AND THAT UNDER THE CIRCUMSTANCES EXISTING AS OF THE EFFECTIVE DATE, THE LIQUIDATED DAMAGES PROVIDED FOR IN THIS SECTION 22.3.3 REPRESENT A REASONABLE ESTIMATE OF THE DAMAGES WHICH LANDLORD WILL INCUR AS A RESULT OF SUCH FAILURE, PROVIDED, HOWEVER, THAT THIS PROVISION SHALL NOT WAIVE OR AFFECT LANDLORD'S RIGHTS AND TENANT'S INDEMNITY OBLIGATIONS UNDER OTHER SECTIONS OF THIS LEASE (EXCEPT THAT THE PARTIES SPECIFICALLY AGREE THAT THE FOREGOING PROVISION WAS AGREED TO IN LIEU OF MAKING FAILURE TO PROVIDE LANDLORD WITH ADDITIONAL L-C(S) IN AN AMOUNT EQUAL TO THE DEFICIENCY OR A REPLACEMENT L-C (AS APPLICABLE) A DEFAULT UNDER THIS LEASE). THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTION 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO LANDLORD PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671. THE PARTIES HAVE SET FORTH THEIR INITIALS BELOW TO INDICATE THEIR AGREEMENT WITH THE LIQUIDATED DAMAGES PROVISION CONTAINED IN THIS SECTION 22.3.

ACK	TES/HS
LANDLORD'S INITIALS	TENANT'S INITIALS

22.4 **Transfer and Encumbrance**. The L-C shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) all of its interest in and to the L-C to another party, in connection with the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in under this Lease, Landlord shall transfer the L-C to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole of said L-C to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer; provided, however, with regard to the cost of any particular transfer, Landlord shall be responsible for, and shall pay, the first $1000 of the Bank's transfer and processing fees in connection therewith, with Tenant being responsible for any excess.

22.5 **L-C Not a Security Deposit**. Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the L-C or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context, including, but not limited to, Section 1950.7 of the California Civil Code, as such Section now exists or as it may be hereafter amended or succeeded (the "**Security Deposit Laws**"), (2) acknowledge and agree that the L-C (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (3) waive any and all rights, duties and obligations that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes the provisions of Section 1950.7 of the California Civil Code and any successor statue, and all other provisions of law, now or hereafter in effect, which

(x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 22 and/or those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant's breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code.

22.6 **Non-Interference By Tenant**. Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of all or any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw down all or any portion of the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional and thereby afford the Bank a justification for failing to honor a drawing upon such L-C in a timely manner. Tenant shall not request or instruct the Bank of any L-C to refrain from paying sight draft(s) drawn under such L-C.

22.7 **Waiver of Certain Relief**. Tenant unconditionally and irrevocably waives (and as an independent covenant hereunder, covenants not to assert) any right to claim or obtain any of the following relief in connection with the L-C:

22.7.1 A temporary restraining order, temporary injunction, permanent injunction, or other order that would prevent, restrain or restrict the presentment of sight drafts drawn under any L-C or the Bank's honoring or payment of sight draft(s); or

22.7.2 Any attachment, garnishment, or levy in any manner upon either the proceeds of any L-C or the obligations of the Bank (either before or after the presentment to the Bank of sight drafts drawn under such L-C) based on any theory whatever.

22.8 **Remedy for Improper Drafts**. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any L-C shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, together with interest at the Interest Rate and reasonable actual out-of-pocket attorneys' fees, provided that at the time of such refund, Tenant increases the amount of such L-C to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any L-C, or the Bank's payment of sight drafts drawn under such L-C, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) business days after demand, Tenant shall have the right to deduct the amount thereof together with interest thereon at the Interest Rate from the next installment(s) of Base Rent.

ARTICLE 23

SIGNS

23.1 **Full Floors**. Subject to Landlord's prior written approval, in its sole discretion, and provided all signs are compatible with the quality, design and style of the Project's sign criteria then established by Landlord (the "**Project Sign Criteria**"), and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant and any of Tenant's Permitted Transferees or Tenant's Occupants, at its sole cost and expense, may install identification signage anywhere on the floor in which the Premises is located including in the elevator lobby of the floor where the Premises is located, provided that such signs must not be visible from the exterior of the Building. In addition, Tenant shall have the right, at Tenant's sole cost and expense, to have its name listed by Landlord on one (1) line in the directory to be located in a mutually and reasonably determined location in the lobby of the Building.

23.2 **Prohibited Signage and Other Items**. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Except as otherwise expressly provided in Sections 23.3 and 23.4, below, Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

23.3 **Building Top Sign**. Notwithstanding any provision to the contrary contained in this Article 23, the Original Tenant and any of its Permitted Transferees shall have the right, but not the obligation, at the sole cost and expense of Tenant, to install one (1) non-exclusive Building-top sign on the roof of the Building in one (l) location to be mutually and reasonably agreed upon by Landlord and Tenant (the "**Building-Top Sign**"), which Building-Top Sign may, subject to the terms set forth in Section 23.6, below, contain Tenant's name and/or Tenant's logo. Such Building-Top Sign shall conform to all zoning and CC&Rs, and shall be subject to the Project Sign Criteria and Landlord's reasonable review and approval. All costs associated with the Building-Top Sign, including, without limitation, the costs to purchase, install, maintain, and remove it, shall be borne exclusively by Tenant.

23.4 **Monument Signage**. Original Tenant and any of its Permitted Transferees shall have the non-exclusive right, but not the obligation, to have its name and/or logo as determined by Tenant placed on portion of any multi-tenant monument sign serving the Building (which portion shall be determined based on the rentable square footage then leased by Tenant), and such signage shall be compatible with the quality, design and style of the Project's Sign Criteria; provided, however, in no event shall Tenant's signage include an "Objectionable Name," as that term is defined in Section 23.8, of this Lease. Landlord shall have the right to (i) position or prioritize Tenant's name in any position on such monument signage as it shall determine in its sole discretion, from time to time, (ii) design and organize such monument signage (and the materials, design, script size, type face, colors and all other characteristics thereof) in such manner as it shall determine in its sole discretion, (iii) place such other names, business names, trade names or affiliate names representing such other tenants as it shall determine in its sole

discretion, (iv) make such modifications to such monument signage as it shall desire from time to time so long as such changes do not materially adversely affect Tenant's monument signage rights under this Section 23.4, and (v) place thereon the name of (and/or other identifying information for) the Building and/or Project as Landlord shall determine in its sole discretion.

23.5 **Rights Personal**. The rights granted under Sections 23.3 and 23.4 are personal to the Original Tenant and its Permitted Transferees, and shall not be transferable in any other respect whatsoever. If (i) the Lease shall be assigned to any party other than Permitted Transferee, (ii) there is an event of default (beyond the applicable notice and cure periods) exists under this Lease, or (iii) the Original Tenant or its Permitted Transferee (together with any Tenant's Occupants) occupies less than the entire Premises (except for time periods during repairs, remodeling or similar circumstances), Landlord shall have the right to cancel Tenant's rights under this Section 23.5 and to require Tenant to remove at Tenant's sole cost and expense Tenant's name from such monument signage within fifteen (15) days after delivery of Landlord 's written notice to do so.

23.6 **Specifications and Permits**. The graphics, materials, color, design, lettering, size and specifications of Tenant's name on such monument signage and Building-Top Sign (collectively, the "**Sign Specifications**") shall be (i) subject to the prior written consent of Landlord, including, without limitation, as to the design, materials, color, size and all other aesthetic factors of such signage and which consent thereto shall be in Landlord's sole discretion; (ii) consistent with the size and quality of comparable signage on comparable institutionally owned first-class office buildings in the local market, (iii) in compliance with all Laws, (iv) subject to receipt by Tenant of all required governmental permits and approvals therefore, and (v) consistent with the Project Sign Criteria and the overall character of the Building's/Project's architecture (as determined by Landlord). In addition, Tenant's name on such monument signage and Building-Top Sign shall be subject to the receipt of all required governmental permits and approvals (and the submission of copies thereof to Landlord), and shall be subject to all applicable Laws.

23.7 **Cost and Maintenance**. Landlord's actual, out-of-pocket costs of the actual signs comprising Tenant's name and/or logo on such monument sign and Building-Top Sign, as well as the installation, design, construction, and any and all other costs associated with Tenant's name on such monument signage and/or the Building-Top Sign, including, without limitation, utility charges and hook-up fees (if applicable), permits, and maintenance and repairs, shall be the sole responsibility of Tenant provided that Tenant shall have the opportunity to preview estimates for any such amounts to be charged to Tenant; provided that Landlord shall reasonably cooperate with Tenant's use of Common Areas to allow Tenant to install, operate, maintain and repair Tenant's name on such monument sign and/or the Building- Top Sign. Should Tenant's name and/or logo on such monument sign and/or the Building-Top Sign require repairs and/or maintenance, Landlord shall have the right to provide notice thereof to Tenant and Tenant (except as set forth above) shall cause such repairs and/or maintenance to commence to be performed within thirty (30) days after receipt of such notice from Landlord, at Tenant's sole cost and expense; provided, however, if such repairs and/or maintenance are reasonably expected

to require longer than thirty (30) days to perform, Tenant shall commence such repairs and/or maintenance within such thirty (30) day period and shall thereafter diligently prosecute such repairs and maintenance to completion at Tenant's sole cost and expense. Should Tenant fail to perform such repairs and/or maintenance within the periods described in the immediately preceding sentence, Landlord shall have the right to cause such work to be performed and to charge Tenant as Additional Rent for the actual out-of-pocket cost of such work plus interest at the Interest Rate from the date of Landlord's payment of such actual costs to the date of Tenant's reimbursement to Landlord. Tenant shall bear a pro rata share (based upon the number of tenants identified on such monument sign) of all of Landlord's actual out-of-pocket costs of maintenance and operation of such monument sign and all such costs shall be paid by Tenant to Landlord as Additional Rent within ten (10) days of receipt of Landlord's written demand therefore. Within a reasonable time following the expiration or earlier termination of this Lease (which shall in no event be later than thirty (30) days after such expiration or termination of this Lease), Tenant shall, at Tenant's sole cost and expense, commence, and thereafter shall diligently pursue, the removal of Tenant's name from such monument sign and the Building-Top Sign, and shall cause the areas in which such Tenant's name on such monument sign and the Building-Top Sign was located to be restored to the condition existing immediately prior to the placement of such Tenant's name on such monument signage and the installation of the Building-Top Sign. If Tenant fails to timely remove Tenant's name from such monument sign and/or the Building-Top Sign or to restore the areas in which Tenant's name on such monument sign and/or Building-Top Sign was located, as provided in the immediately preceding sentence, then Landlord may perform such work, and all actual costs reasonably incurred by Landlord in so performing, plus interest at the Interest Rate from the date of Landlord's payment of such costs to the date of Tenant's reimbursement to Landlord, shall be reimbursed by Tenant to Landlord within thirty (30) days after Tenant's receipt of an invoice therefore. The terms of this Section 23.7 shall survive the expiration or earlier termination of this Lease.

23.8 **Objectionable Name**. In no event shall Tenant's signage include, identify or otherwise refer to a name which relates to an entity which is of a character or reputation, or is associated with a political faction or orientation, which is inconsistent with the quality of the Project, or which would otherwise reasonably offend a landlord of a Comparable Building (an "**Objectionable Name**"). The parties hereby agree that the name "AnaptysBio, Inc." or any reasonable derivation thereof, shall not be deemed an Objectionable Name.

ARTICLE 24

COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated and is applicable to the Premises or Tenant's use or occupancy of the Premises (collectively, "**Applicable Laws**"). At its sole cost and expense, Tenant shall promptly comply with all such Applicable Laws which relate to (i) Tenant's use of the Premises for the Permitted Use (but which for purposes of this provision shall not apply to the extent resulting directly from the particular nature of Tenant's tissue culture room and rodent vivarium uses) , (ii) the Alterations or the Improvements in the Premises, or (iii) the Base Building, but, as to the Base Building,

only to the extent such obligations are triggered by Tenant's Alterations, the Improvements, or use of the Premises for other than the Permitted Use (but which for purposes of this provision shall not apply to the extent resulting directly from the particular nature of Tenant's tissue culture room and rodent vivarium uses). Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Landlord shall comply with all Applicable Laws relating to the Base Building, provided that compliance with such Applicable Laws is not the responsibility of Tenant under this Lease, and provided further that Landlord's failure to comply therewith would prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, or would unreasonably and materially affect the safety of Tenant's employees or create a significant health hazard for Tenant's employees. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this Article 24 to the extent consistent with the terms of Section 4.2.4, above, and which are not inconsistent with the terms set forth in the Work Letter in connection with the Landlord Work.

ARTICLE 25

LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee when due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder; provided, however, with regard to the first such failure in any twelve (12) month period, Landlord will waive such late charge to the extent Tenant cures such failure within five (5) business days following Tenant's receipt of written notice from Landlord that the same was not received when due. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after the date they are due shall bear interest from the date when due until paid at the "Interest Rate." For purposes of this Lease, the "**Interest Rate**" shall be an annual rate equal to the lesser of (i) the annual "**Bank Prime Loan**" rate cited in the Federal Reserve Statistical Release Publication H. l 5(519), published weekly (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published), plus two (2) percentage points, and (ii) the highest rate permitted by applicable law.

ARTICLE 26

LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 **Landlord's Cure**. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 Tenant's Reimbursement. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations reasonably incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures reasonably made and obligations reasonably incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

ARTICLE 27

ENTRY BY LANDLORD

Landlord reserves the right at all reasonable times (during Building Hours with respect to items (i) and (ii) below) and upon at least twenty-four (24) hours prior notice to Tenant (except in the case of an emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers, or during the last nine (9) months of the Lease Term, to prospective tenants; (iii) post notices of nonresponsibility; or (iv) alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment; provided, however, except in the event of an emergency, Tenant shall have the option upon at least twelve (12) hours prior notice to Landlord to require Landlord's entry be delayed by up to seventy-two (72) hours if Tenant deems such delay to be reasonably necessary to avoid disruption of Tenant's business operations from within the Premises. Notwithstanding anything to the contrary contained in this Article 27, Landlord may enter the Premises at any time to (A) perform services required of Landlord; (B) take possession due to any breach of this Lease in the manner provided herein; and (C) perform any covenants of Tenant which Tenant fails to perform. Landlord may make any such entries without the abatement of Rent, except as otherwise provided in this Lease, and may take such reasonable steps as required to accomplish the stated purposes; provided, however, except for (x) emergencies , (y) repairs, alterations, improvements or additions required by governmental or quasi-governmental authorities or court order or decree, or (z) repairs which are the obligation of Tenant hereunder, any such entry shall

be performed in a manner so as not to unreasonably interfere with Tenant's use of the Premises and shall be performed after normal business hours if reasonably practical. With respect to items (y) and (z) above, Landlord shall use commercially reasonable efforts to not materially interfere with Tenant's use of, or access to, the Premises. Tenant's rights under the terms of Section 6.7 shall apply to Landlord's entry under the terms of this Article 27 (other than an entry pursuant to the terms of item (B) above), and otherwise (except to the extent of Landlord's express indemnification obligations under this Lease) Tenant hereby waives any claims for damages or for any injuries or inconvenience to or interference with Tenant's business, lost profits, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned thereby. For each of the above purposes, Landlord shall at all times have a key with which to unlock all the doors in the Premises, excluding Tenant's vaults, safes and special security areas designated in advance by Tenant. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. No provision of this Lease shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed to be performed by Landlord herein.

ARTICLE 28

TENANT PARKING

Tenant, Tenant's Permitted Transferees and Tenant's Occupants shall have the right to use, commencing on the Lease Commencement Date, the amount of parking passes set forth in Section 9 of the Summary, on a monthly basis throughout the Lease Term, which parking passes shall pertain to the Project parking facility. Tenant hereby acknowledges and agrees that notwithstanding the permitted occupancy density of five (5) persons per each one thousand (1,000) rentable square feet of the Premises as more particularly set forth in Section 5.2, above, in no event shall Tenant be entitled to park automobiles anywhere in the Project parking facility in a total amount that would at anytime exceed an amount equal to three and one-half (3 ½) unreserved parking passes for every one thousand (1,000) rentable square feet of the Premises. Tenant shall not be obligated to pay any fee for automobile parking passes during the initial Lease Term or any Option Term; provided, however, to the extent not included in Tax Expenses, Tenant shall be responsible for the full amount of any taxes imposed by any governmental authority in connection with use of the parking facility by Tenant. Tenant's continued right to use the parking passes is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking passes are located, including any sticker or other identification system established by Landlord, Tenant's cooperation in seeing that Tenant's employees and visitors also comply with such rules and regulations and Tenant not being in default under this Lease. Landlord specifically reserves the right to change the size, configuration, design, layout and all other aspects of the Project parking facility at any time and Tenant acknowledges and agrees that Landlord may, without incurring any liability to Tenant and without any abatement of Rent under this Lease, from time to time, temporarily close-off or restrict access to the Project parking facility for purposes of permitting or facilitating any such construction, alteration or improvements; provided, however, in no event shall the number of parking passes available for

Tenant's use decrease below the number of parking passes expressly allocated to Tenant under this Lease. Landlord may delegate its responsibilities hereunder to a parking operator in which case such parking operator shall have all the rights of control attributed hereby to the Landlord. The parking passes provided to Tenant pursuant to this Article 28 are provided to Tenant solely for use by Tenant's own personnel and such passes may not be transferred, assigned, subleased or otherwise alienated by Tenant without Landlord's prior approval.

ARTICLE 29

MISCELLANEOUS PROVISIONS

29.1 **Terms; Captions**. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect**. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights**. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 **Modification of Lease**. Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within ten (10) days following the request therefor.

29.5 **Transfer of Landlord's Interest**. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease not accrued as of the date of the transfer (provided such transferee assumes such obligations in writing) and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer and

such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord, including the return of any Security Deposit, and Tenant shall attorn to such transferee. Tenant further acknowledges that Landlord may assign its interest in this Lease to a mortgage lender as additional security and agrees that such an assignment shall not release Landlord from its obligations hereunder and that Tenant shall continue to look to Landlord for the performance of its obligations hereunder.

29.6 **Prohibition Against Recording or Publication**. Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded or otherwise published by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 **Landlord's Title**. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties**. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Application of Payments**. To the extent Landlord has delivered a written notice to Tenant pursuant to the terms of Section 19.1.1 of this Lease (and until the amounts represented by such notice, together with all other then-outstanding amounts due and owning under this Lease, are satisfied), Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Land lord, in its sole discretion, may elect, it nevertheless being acknowledged that Tenant may be free to make any such payments "under protest," and such payments shall remain subject to successful contest by Tenant over any obligations in dispute.

29.10 **Time of Essence**. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity**. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty**. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 **Landlord Exculpation**. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the net interest of Landlord in the Project (following payment of any outstanding liens and/or mortgages, whether attributable to sales or insurance proceeds or otherwise). Neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 **Entire Agreement**. It is understood and acknowledged that there are no oral agreements between the pa(ties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease**. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease and except as to Tenant's obligations under Articles 5 and 24 of this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

29.17 **Waiver of Redemption by Tenant**. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

29.18 **Notices**. All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("**Mail**"), (B) transmitted by telecopy, if such telecopy is promptly followed by a Notice sent by Mail, (C) delivered by a nationally recognized overnight courier, or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) days after the date it is posted if sent by Mail, (ii) the date the telecopy is transmitted, (iii) the date the overnight courier delivery is made, or (iv) the date personal delivery is made or attempted to be made. If Tenant is notified of the identity and address of Landlord's mortgagee or ground or underlying lessor, Tenant shall give to such mortgagee or ground or underlying lessor written notice of any default by Landlord under the terms of this Lease by registered or certified mail, and such mortgagee or ground or underlying lessor shall be given a reasonable opportunity to cure such default prior to Tenant's exercising any remedy available to Tenant. As of the Effective Date of this Lease, any Notices to Landlord must be sent, transmitted, or delivered, as the case may be, to the following addresses:

Kilroy Realty Corporation
12200 West Olympic Boulevard
Suite 200
Los Angeles, California 90064
Attention: Legal Department

with copies to:

Kilroy Realty Corporation
3611 Valley Centre Drive, Suite 550
San Diego, California 92130
Attention: Mr. Brian Galligan

and

Allen Matkins Leck Gamble Mallory & Natsis LLP
1901 Avenue of the Stars, Suite 1800
Los Angeles, California 90067
Attention: Anton N. Natsis, Esq.

29.19 **Joint and Several**. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority**. Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so. In such event, Tenant shall, within ten (10) days after execution of this Lease, deliver to Landlord satisfactory evidence of such authority and, if a corporation, upon demand by Landlord, also deliver to Landlord satisfactory evidence of (i) good standing in Tenant's state of incorporation and (ii) qualification to do business in California.

29.21 **Attorneys' Fees**. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY**. This Lease. shall be construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Landlord shall pay the Brokers pursuant to the terms of separate commission agreements. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on

account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party.

29.25 **Independent Covenants**. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 **Project or Building Name and Signage**. Landlord shall have the right at any time to change the name of the Project or Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.27 **Counterparts**. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **Confidentiality**. Landlord and Tenant acknowledge that the content of this Lease and any related documents are confidential information. Except as required by any law and/or regulation (including without limitation any SEC regulation), Landlord and Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's or Landlord's financial, legal, and space planning consultants.

29.29 **Transportation Management**. Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Building so long as Tenant's parking rights under this Lease are not materially, adversely affected, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities.

29.30 **Building Renovations**. It is specifically understood and agreed that Landlord has made no representation or warranty to Tenant and has no obligation and has made no promises to alter, remodel, improve, renovate, repair or decorate the Premises, Building, or any part thereof and that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant except as specifically set forth herein or in the Work Letter. However, Tenant hereby acknowledges that Landlord is currently renovating or may during the Lease Term renovate, improve, alter, or modify (collectively, the "**Renovations**") the Project, the Building and/or the Premises including without limitation the parking structure, common areas, systems and equipment, roof, and structural portions of the same, which Renovations may include, without limitation, (i) installing sprinklers in the Building common areas and tenant

spaces, (ii) modifying the common areas and tenant spaces to comply with applicable laws and regulations, including regulations relating to the physically disabled, seismic conditions, and building safety and security, and (iii) installing new floor covering, lighting, and wall coverings in the Building common areas, and in connection with any Renovations, Landlord may, among other things, erect scaffolding or other necessary structures in the Building, limit or eliminate access to portions of the Project, including portions of the common areas, or perform work in the Building, which work may create noise, dust or leave debris in the Building. Tenant hereby agrees that such Renovations and Landlord's actions in connection with such Renovations shall in no way constitute a constructive eviction of Tenant nor, except as expressly set forth in Section 6.7 above, entitle Tenant to any abatement of Rent. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations or Landlord's actions in connection with such Renovations, or for any inconvenience or annoyance occasioned by such Renovations or Landlord's actions. Landlord shall perform such Renovations in compliance with the terms of this Lease, and shall use commercially reasonable efforts to have all such work performed on a continuous basis, and once started, to be completed reasonably expeditiously, with such work being organized, conducted and scheduled in a manner which will minimize any interference to Tenant's business operations in the Premises.

29.31 **No Violation**. Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from Tenant's breach of this warranty and representation.

29.32 **Communications and Computer Lines**. Landlord and Tenant acknowledge that Tenant plans to utilize a significant portion of the existing communications and computer wires and cables in the Premises. Tenant may install, maintain, replace, remove or use any communications or computer wires and cables (collectively with such existing cabling infrastructure, the "**Lines**") at the Project in or serving the Premises, provided that (i) Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this Lease, (ii) an acceptable number of spare Lines and space for additional Lines shall be maintained for existing and future occupants of the Project, as determined in Landlord's reasonable opinion, (iii) the Lines therefor (including riser cables) shall be (x) appropriately insulated to prevent excessive electromagnetic fields or radiation, (y) surrounded by a protective conduit reasonably acceptable to Landlord, and (z) identified in accordance with the "Identification Requirements," as that term is set forth hereinbelow, (iv) any new or existing Lines servicing the Premises shall comply with all applicable governmental laws and regulations, (v) as a condition to permitting the installation of new Lines, Tenant shall remove any then-existing, unused Lines previously installed by or on behalf of Tenant and which are located in or serving the Premises and repair any damage in connection with such removal, and (vi) Tenant shall pay all costs in connection therewith. All Lines shall be clearly marked with adhesive plastic labels (or plastic tags attached to such Lines with wire) to show Tenant's name, suite

number, telephone number and the name of the person to contact in the case of an emergency (A) every four feet (4') outside the Premises (specifically including, but not limited to, the electrical room risers and other Common Areas), and (B) at the Lines' termination point(s) (collectively, the "**Identification Requirements**"). Upon the expiration of the Lease Term, or immediately following any earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove all Lines installed by Tenant (but not any Lines existing in the Premises prior to the Effective Date and repair any damage caused by such removal. In the event that Tenant fails to complete such removal and/or fails to repair any damage caused by the removal of any Lines, Landlord may do so and may charge the cost thereof to Tenant. Landlord reserves the right to require that Tenant remove any Lines located in or serving the Premises which are installed by or on behalf of Tenant in violation of these provisions, or which are at any time (1) are in violation of any Applicable Laws, (2) are inconsistent with then-existing industry standards (such as the standards promulgated by the National Fire Protection Association (e.g., such organization's "2002 National Electrical Code")), or (3) otherwise represent a dangerous or potentially dangerous condition.

29.33 **Hazardous Substances**.

29.33.1 **Definitions**. For purposes of this Lease, the following definitions shall apply: "**Hazardous Material(s)**" shall mean any solid, liquid or gaseous substance or material that is described or characterized as a toxic or hazardous substance, waste, material, pollutant, contaminant or infectious waste, or any matter that in certain specified quantities would be injurious to the public health or welfare, or words of similar import, in any of the "Environmental Laws," as that term is defined below, or any other words which are intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity or reproductive toxicity and includes, without limitation, asbestos, petroleum (including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof), petroleum products, polychlorinated biphenyls, urea formaldehyde, radon gas, nuclear or radioactive matter, medical waste, soot, vapors, fumes, acids, alkalis, chemicals, microbial matters (such as molds, fungi or other bacterial matters), biological agents and chemicals which may cause adverse health effects, including but not limited to, cancers and /or toxicity. "**Environmental Laws**" shall mean any and all federal, state, local or quasi-governmental laws (whether under common law, statute or otherwise), ordinances, decrees, codes, rulings, awards, rules, regulations or guidance or policy documents now or hereafter enacted or promulgated and as amended from time to time, in any way relating to (i) the protection of the environment, the health and safety of persons (including employees), property or the public welfare from actual or potential release, discharge, escape or emission (whether past or present) of any Hazardous Materials or (ii) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of any Hazardous Materials.

29.33.2 **Compliance with Environmental Laws**. Landlord covenants that during the Lease Term, Landlord shall comply with all Environmental Laws in accordance with, and as required by, the TCCs of Article 24 of this Lease. Tenant shall not sell, use, or store in or around the Premises any Hazardous Materials, provided that the use or storage of Hazardous Materials shall be permitted to the extent the same is performed in accordance with applicable Environmental Laws, and subject to Tenant's receipt, at Tenant's sole cost, of all applicable

permits and required governmental approvals. In addition, Tenant agrees that it: (i) shall not cause or suffer to occur, the release, discharge, escape or emission of any Hazardous Materials at, upon, under or within the Premises or any contiguous or adjacent premises; (ii) shall not engage in activities at the Premises that could result in, give rise to, or lead to the imposition of liability upon Tenant or Landlord or the creation of a lien upon the building or land upon which the Premises is located; (iii) shall notify Landlord promptly following receipt of any knowledge with respect to any actual release, discharge, escape or emission (whether past or present) of any Hazardous Materials at, upon, under or within the Premises; (iv) shall promptly forward to Landlord copies of all orders, notices, permits, applications and other communications and reports in connection with any release, discharge, escape or emission of any Hazardous Materials at, upon, under or within the Premises or any contiguous or adjacent premises, and (v) in connection with Tenant's surrender of the Premises upon the expiration or earlier termination of this Lease, Tenant shall deliver the same free of Hazardous Materials brought upon, kept or used in or about the Premises by any persons during the period of Tenant's lease of, use of, or occupancy of, the Premises, and shall obtain and provide to Landlord (A) any and all licenses, clearances or other authorizations of any kind required to permit the presence of Hazardous Materials in the Premises by any governmental or quasi-governmental agency having jurisdiction over the use, storage, release or removal of Hazardous Materials, (B) evidence from the applicable governmental entities of "closure" of all permits which had been required for Tenant's use of the Premises, together with "no further action letters" from such applicable governmental entities and a "no further action letter" for unrestricted future use of the Premises, and (C) a Phase I report with regard to the Premises. Landlord and Tenant hereby agree that for purposes of establishing a baseline, Landlord shall, promptly following the Effective Date of this Lease, obtain and provide to Tenant an updated Phase I report with regard to the Premises.

29.33.3 **Tenant Hazardous Materials**. Tenant will (i) obtain and maintain in full force and effect all Environmental Permits (as defined below) that may be required from time to time under any Environmental Laws applicable to Tenant or the Premises, and (ii) be and remain in compliance with all terms and conditions of all such Environmental Permits and with all other Environmental Laws. "**Environmental Permits**" means, collectively, any and all permits, consents, licenses, approvals and registrations of any nature at any time required pursuant to, or in order to comply with any Environmental Law. On or before the Lease Commencement Date and on each annual anniversary of the Commencement Date thereafter, as well as at any other time following Tenant's receipt of a reasonable request from Landlord, Tenant agrees to deliver to Landlord a list (the "**HazMat List**") of all Hazardous Materials anticipated to be used by Tenant in the Premises and the quantities thereof. Upon the expiration or earlier termination of this Lease, Tenant agrees to promptly remove from the Premises, the Building and the Project, at its sole cost and expense, any and all Hazardous Materials, including any equipment or systems containing Hazardous Materials, which are installed, brought upon, stored, used, generated or released upon, in, under or about the Premises, the Building, and/or the Project or any portion thereof by Tenant and/or any Tenant Parties (such obligation to survive the expiration or sooner termination of this Lease). Nothing in this Lease shall impose any liability on Tenant for any Hazardous Materials in existence on the Premises, Building or Project prior to the Lease Commencement Date or brought onto the Premises, Building or Project after the Lease Commencement Date by any third parties not under Tenant's control.

29.33.4 **Landlord's Right of Environmental Audit**. Landlord may, upon reasonable notice to Tenant, be granted access to and enter the Premises no more than once annually to perform or cause to have performed an environmental inspection, site assessment or audit. Such environmental inspector or auditor may be chosen by Landlord, in its sole discretion, and be performed at Landlord's sole expense. To the extent that the report prepared upon such inspection, assessment or audit, indicates the presence of Hazardous Materials in violation of Environmental Laws, or provides recommendations or suggestions to prohibit the release, discharge, escape or emission of any Hazardous Materials at, upon, under or within the Premises, or to comply with any Environmental Laws, Tenant shall promptly, at Tenant's sole expense, comply with such recommendations or suggestions, including, but not limited to performing such additional investigative or subsurface investigations or remediation(s) as recommended by such inspector or auditor. Notwithstanding the above, if at any time, Landlord has actual notice or reasonable cause to believe that Tenant has violated, or permitted any violations of any Environmental Law, then Landlord will be entitled to perform its environmental inspection, assessment or audit at any time, notwithstanding the above mentioned annual limitation, and Tenant must reimburse Landlord for the cost or fees incurred for such as Additional Rent if a violation is discovered.

29.33.5 **Indemnifications**. Landlord agrees to indemnify, defend, protect and hold harmless the Tenant Parties from and against any liability, obligation, damage or costs, including without limitation, attorneys' fees and costs, resulting directly or indirectly from any use, presence, removal or disposal of any Hazardous Materials in the Project, Building or Premises prior to the Effective Date and otherwise to the extent such liability, obligation, damage or costs was a result of actions caused or knowingly permitted by Landlord or a Landlord Party. Tenant agrees to indemnify, defend, protect and hold harmless the Landlord Parties from and against any liability, obligation, damage or costs, including without limitation, attorneys' fees and costs, resulting directly or indirectly from any use, presence, removal or disposal of any Hazardous Materials or breach of any provision of this section, to the extent such liability, obligation, damage or costs was a result of actions caused or permitted by Tenant or a Tenant Party.

29.33.6 **Control Areas; Storage**. In connection with Tenant's storage of any Hazardous Materials permitted in accordance with this Section 29.33, Tenant shall be allowed to utilize up to Tenant's Share of the control areas or zones identified on **Exhibit A-3** attached hereto (but such use shall be limited to the extent such areas/zones are located within the Premises), as designated by the applicable building code, for chemical use or storage.

29.34 **Rooftop Rights**. Provided that Tenant is then in occupancy of the Premises, then in accordance with, and subject to, the terms and conditions set forth in Article 8, above, and this Section 29.34, Tenant may install and maintain, at Tenant's sole cost and expense, but without the payment of any Base Rent or a license or similar fee or charge, the following equipment: (i) one (1) satellite dish/antennae on the roof of the Building which shall be no larger than twenty-four inches (24") in diameter and which shall weigh no more than fifty pounds (and reasonable equipment and cabling related thereto), for receiving of signals or broadcasts (as opposed to the generation or transmission of any such signals or broadcasts) servicing the business conducted by Tenant from within the Premises (all such equipment is defined collectively as the "**Telecommunications Equipment**"); and (ii) HVAC equipment to the extent necessary in

connection with Tenant's One-Pass Air System (the "**HVAC Equipment**") (collectively, the "Rooftop Equipment").

29.34.1 Landlord makes no representations or warranties whatsoever with respect to the condition of the roof of the Building, or the fitness or suitability of the roof of the Building for the installation, maintenance and operation of the Rooftop Equipment, including, without limitation, with respect to the quality and clarity of any receptions and transmissions to or from the Telecommunications Equipment and the presence of any interference with such signals whether emanating from the Building or otherwise.

29.34.2 In the event Tenant elects to exercise its right to install any Rooftop Equipment, then Tenant shall give Landlord prior notice thereof. Such Rooftop Equipment shall be installed pursuant to plans and specifications approved by Landlord (specifically including, without limitation, all mounting and waterproofing details), which approval will not be unreasonably withheld, conditioned, or delayed. In addition, the physical appearance and the size of the Rooftop Equipment shall be subject to Landlord's reasonable approval, the location of any such installation of the Rooftop Equipment shall be designated by Tenant subject to Landlord's reasonable approval and Landlord may require Tenant to install screening around such Rooftop Equipment, at Tenant's sole cost and expense, as reasonably designated by Landlord. Tenant shall reimburse to Landlord the actual costs reasonably incurred by Landlord in approving such Rooftop Equipment. Notwithstanding any such review or approval by Landlord, Tenant shall remain solely liable for any damage to any portion of the roof or roof membrane, specifically including any penetrations, in connection with Tenant's installation, use, maintenance and/or repair of such Rooftop Equipment, and Landlord shall have no liability therewith. Such Rooftop Equipment shall, in all instances, comply with applicable governmental laws, codes, rules and regulations.

29.34.3 Tenant shall maintain such Rooftop Equipment, at Tenant's sole cost and expense. Tenant shall remove such Rooftop Equipment upon the expiration or earlier termination of the "Lease, or, in the event Tenant no longer occupies the Premises, then upon the termination of Tenant's rights under this Section 29.34, and shall return the affected portion of the rooftop and the Premises to the condition the rooftop and the Premises would have been in had no such Rooftop Equipment been installed (reasonable wear and tear excepted).

29.34.4 Tenant shall not be entitled to assign, sublease, license or otherwise transfer all or any portion of its right to use such Rooftop Equipment (other than in connection with an assignment of this Lease under the terms of Article 14), nor shall Tenant be permitted to receive any revenues, fees or any other consideration for the use of such Rooftop Equipment by an unrelated third party. Tenant's right to install such Rooftop Equipment shall be non-exclusive, and Tenant hereby expressly acknowledges Landlord's continued right (i) to itself utilize any rooftop space, and (ii) to re-sell, license or lease any rooftop space to an unaffiliated third party; provided, however, such Landlord (or third-party) use shall not materially interfere with (or preclude the installation of) Tenant's Rooftop Equipment.

[*signature page immediately follows*]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

"LANDLORD":

KILROY REALTY, L.P.,
a Delaware limited partnership

BY: Kilroy Realty Corporation,
a Maryland corporation,
general partner

By: /s/ Jeffrey C. Hawken
Name: Jeffrey C. Hawken
Its: Executive Vice President
Chief Operating Officer

By: /s/ A. Christian Krogh
Name: A. Christian Krogh
Its: Vice President, Asset Management

"TENANT":

ANAPTYSBIO, INC.,
a Delaware corporation

By: /s/ Tom Smart
Name: Tom Smart
Its: Chairman & CEO

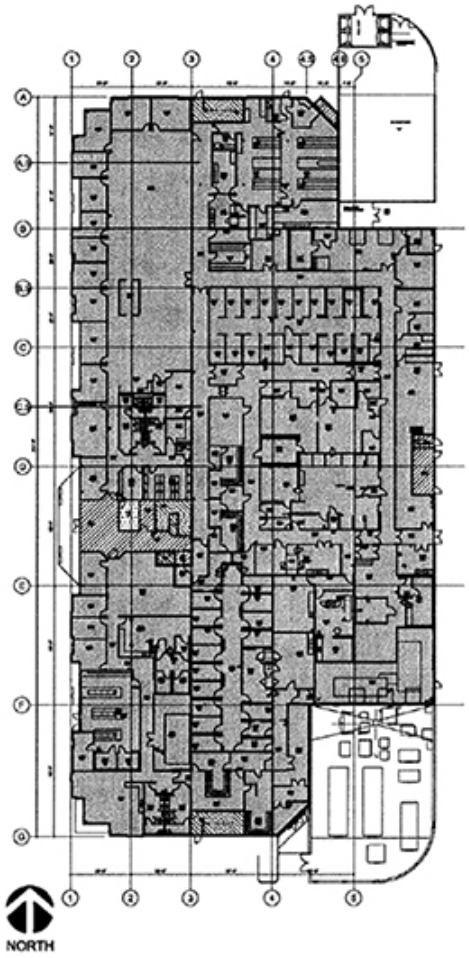
By: /s/ Hamza Suria
Name: Hamza Suria
Its: VP, Corporate Development

EXHIBIT A

PACIFIC CORPORATE CENTER

OUTLINE OF PREMISES

[ATTACHED]



FERGUSON PAPE BALDWIN ARCHITECTS

AREA LEGEND

MAJOR VERTICAL PENETRATIONS
919 SF

FLOOR SERVICE AREAS
5,501.84 SF

TENANT 1
OCCUPANT AREA: 54,183 SF
RENTABLE AREA: 55,440 SF

TENANT 2
OCCUPANT AREA: 151 SF
RENTABLE AREA: 154 SF

INTERIOR GROSS AREA (IGA)
= 58,677 SF

BUILDING AREA SUMMARY

TENANT 1
RENTABLE AREA: 55,440 SF
* - MECH PLTFM: -4,992 SF
TOTAL 50,449 SF

* EXCLUDED FROM LEASE BY LANDLORD

TENANT 2
RENTABLE AREA: 25,296 SF

NORTH

Kilroy Realty Corporation
10421 Pacific Corporate Center Court, San Diego, CA

FIRST FLOOR LEASE EXHIBIT

SCALE: 1" = 50'

02/23/2011

0 50FT 200 FT

BOMA-1

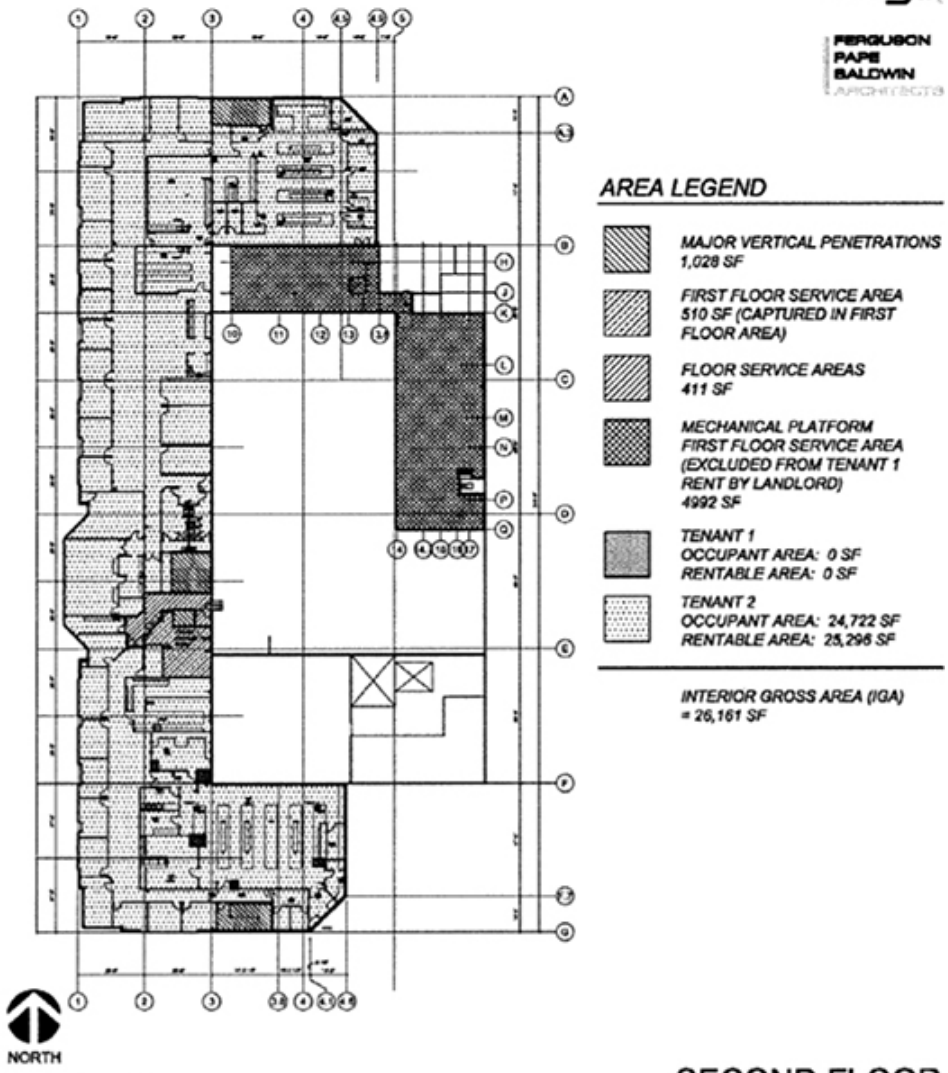
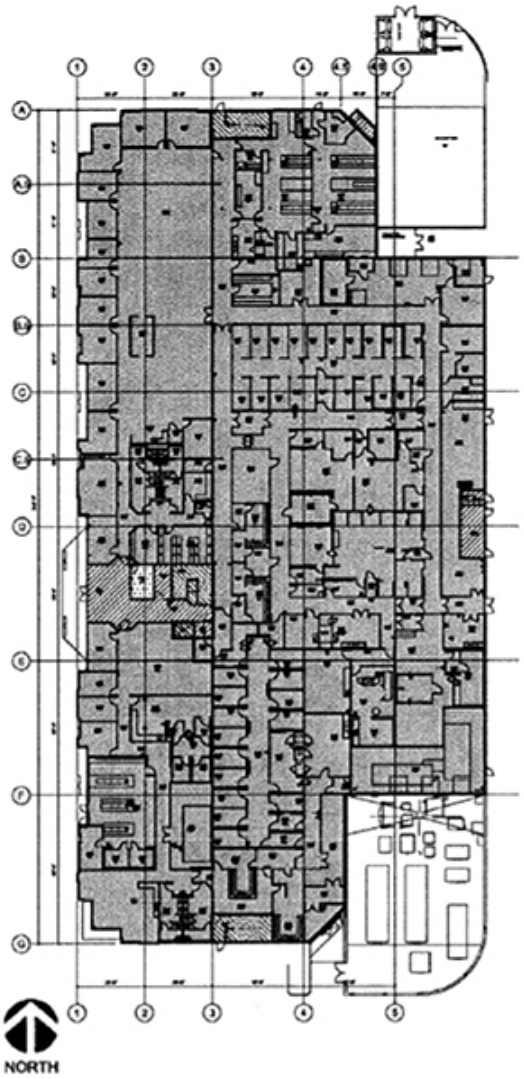

FERGUSON
PAPE
BALDWIN
ARCHITECTS
AREA LEGEND
MAJOR VERTICAL PENETRATIONS
1,028 SF
FIRST FLOOR SERVICE AREA
510 SF (CAPTURED IN FIRST
FLOOR AREA)
FLOOR SERVICE AREAS
411 SF
MECHANICAL PLATFORM
FIRST FLOOR SERVICE AREA
(EXCLUDED FROM TENANT 1
RENT BY LANDLORD)
4992 SF
TENANT 1
OCCUPANT AREA: 0 SF
RENTABLE AREA: 0 SF
TENANT 2
OCCUPANT AREA: 24,722 SF
RENTABLE AREA: 25,296 SF
INTERIOR GROSS AREA (IGA)
= 26,161 SF
NORTH
Kilroy Realty Corporation
10421 Pacific Corporate Center Court, San Diego, CA
SECOND FLOOR
LEASE EXHIBIT
SCALE: 1" = 50'
02/23/2011
0
50FT
200 FT
BOMA-2

EXHIBIT A-1

PACIFIC CORPORATE CENTER

PREMISES DEMISING PLAN

[ATTACHED]



FERGUSON PAPE BALDWIN ARCHITECTS

AREA LEGEND

MAJOR VERTICAL PENETRATIONS
919 SF

FLOOR SERVICE AREAS
6,501.84 SF

TENANT 1
OCCUPANT AREA: 54,183 SF
RENTABLE AREA: 55,440 SF

TENANT 2
OCCUPANT AREA: 151 SF
RENTABLE AREA: 154 SF

INTERIOR GROSS AREA (IGA)
= 56,677 SF

BUILDING AREA SUMMARY

TENANT 1
RENTABLE AREA: 55,440 SF
* - MECH PLTFM: -4,992 SF
TOTAL 50,449 SF

* EXCLUDED FROM LEASE BY LANDLORD

TENANT 2
RENTABLE AREA: 25,296 SF

NORTH

Kilroy Realty Corporation
10421 Pacific Corporate Center Court, San Diego, CA

SCALE: 1" = 50'

0 50FT 200 FT

FIRST FLOOR LEASE EXHIBIT

02/23/2011

BOMA-1

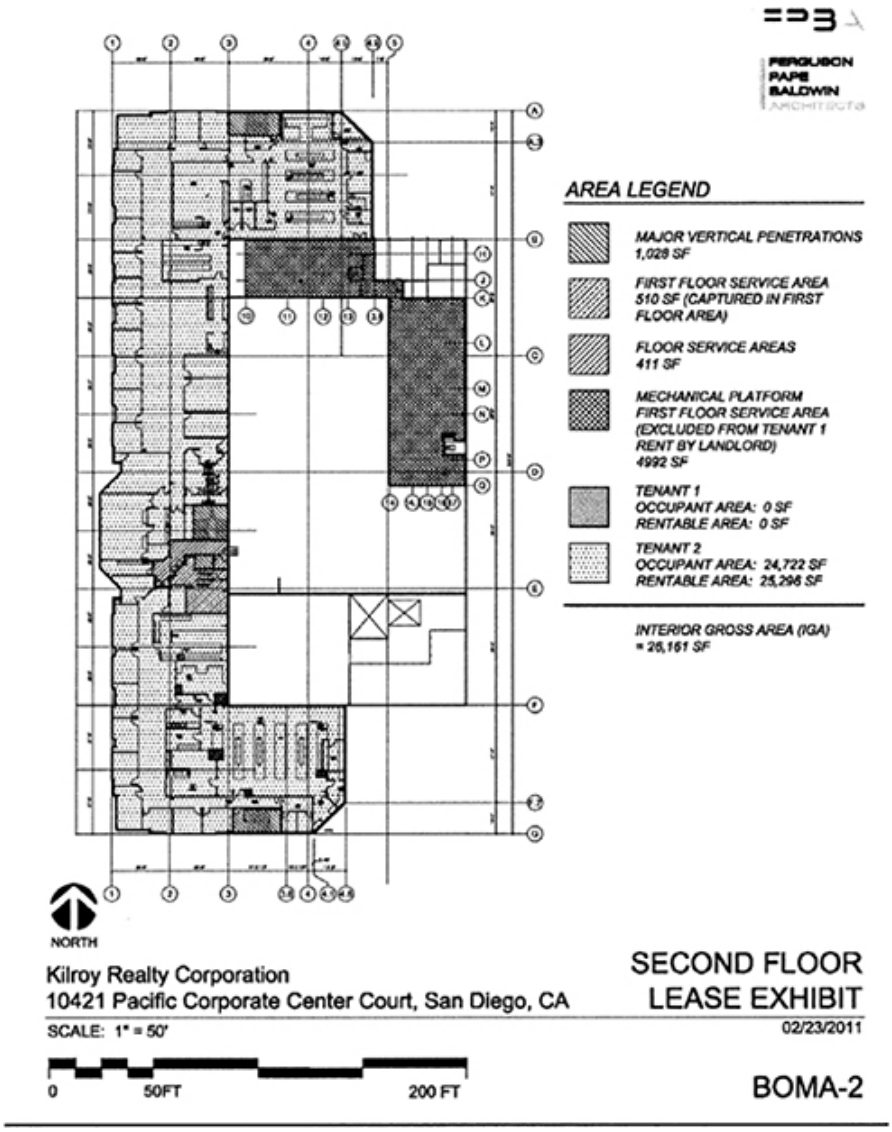
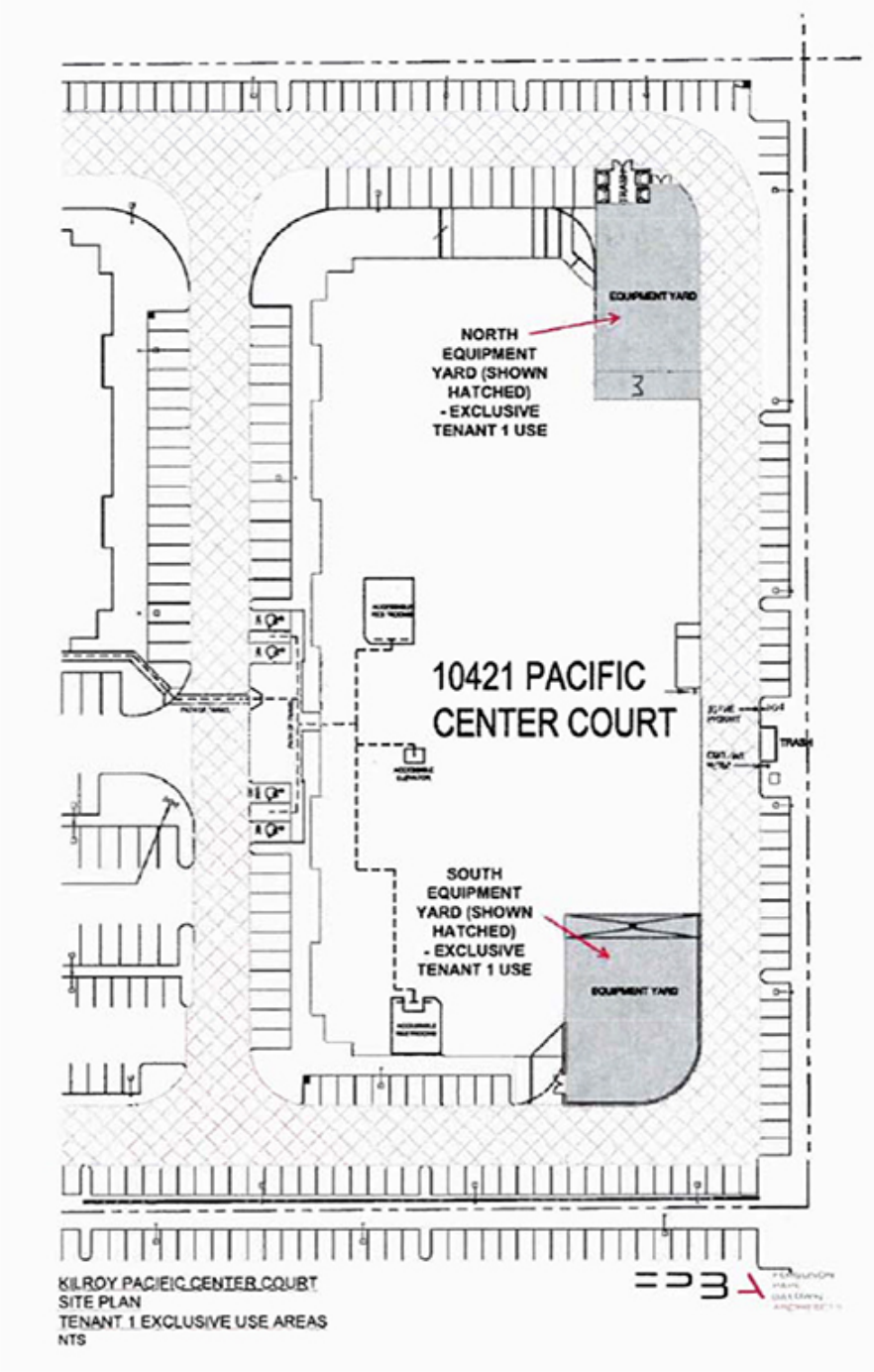

FERGUSON
PAPE
BALDWIN
ARCHITECTS
AREA LEGEND
MAJOR VERTICAL PENETRATIONS
1,028 SF
FIRST FLOOR SERVICE AREA
510 SF (CAPTURED IN FIRST
FLOOR AREA)
FLOOR SERVICE AREAS
411 SF
MECHANICAL PLATFORM
FIRST FLOOR SERVICE AREA
(EXCLUDED FROM TENANT 1
RENT BY LANDLORD)
4992 SF
TENANT 1
OCCUPANT AREA: 0 SF
RENTABLE AREA: 0 SF
TENANT 2
OCCUPANT AREA: 24,722 SF
RENTABLE AREA: 25,296 SF
INTERIOR GROSS AREA (IGA)
= 26,151 SF
NORTH
Kilroy Realty Corporation
10421 Pacific Corporate Center Court, San Diego, CA
SECOND FLOOR
LEASE EXHIBIT
SCALE: 1" = 50'
02/23/2011
0
50FT
200 FT
BOMA-2

EXHIBIT A-2

PACIFIC CORPORATE CENTER

OUTLINE OF TANVEX EXCLUSIVE AREA

[ATTACHED]


NORTH
EQUIPMENT
YARD (SHOWN
HATCHED)
- EXCLUSIVE
TENANT 1 USE
EQUIPMENT YARD
10421 PACIFIC
CENTER COURT
SOUTH
EQUIPMENT
YARD (SHOWN
HATCHED)
- EXCLUSIVE
TENANT 1 USE
EQUIPMENT YARD
KILROY PACIFIC CENTER COURT
SITE PLAN
TENANT 1 EXCLUSIVE USE AREAS
NTS

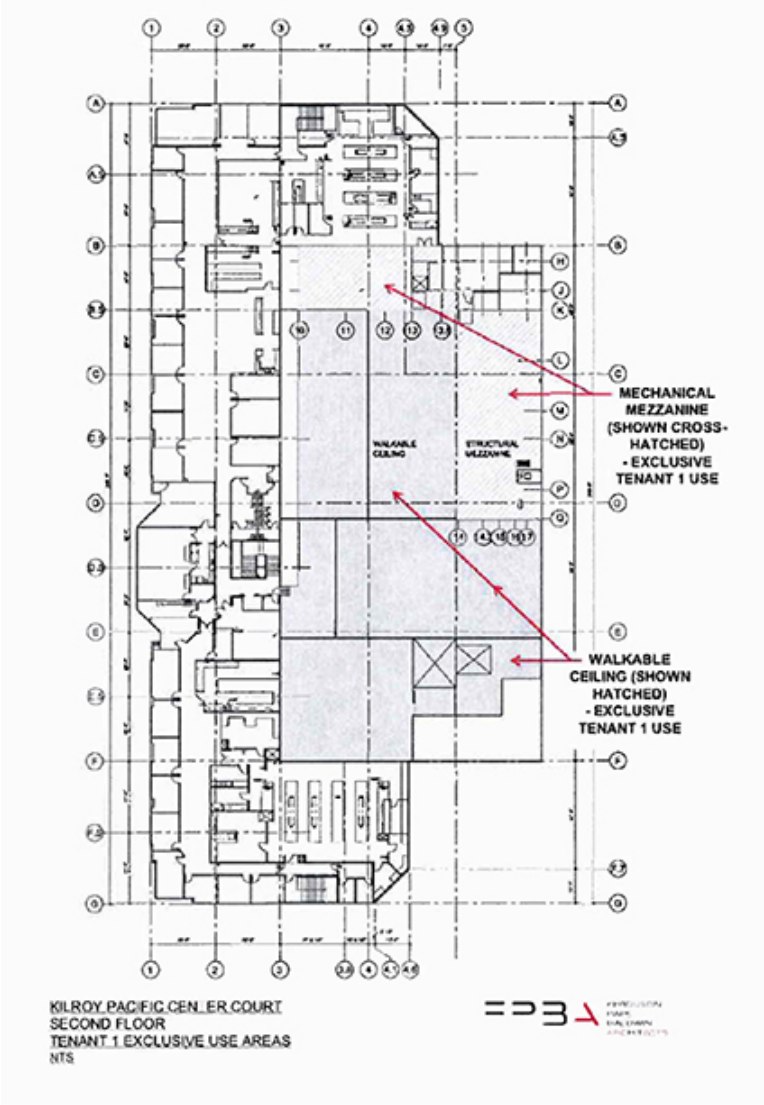
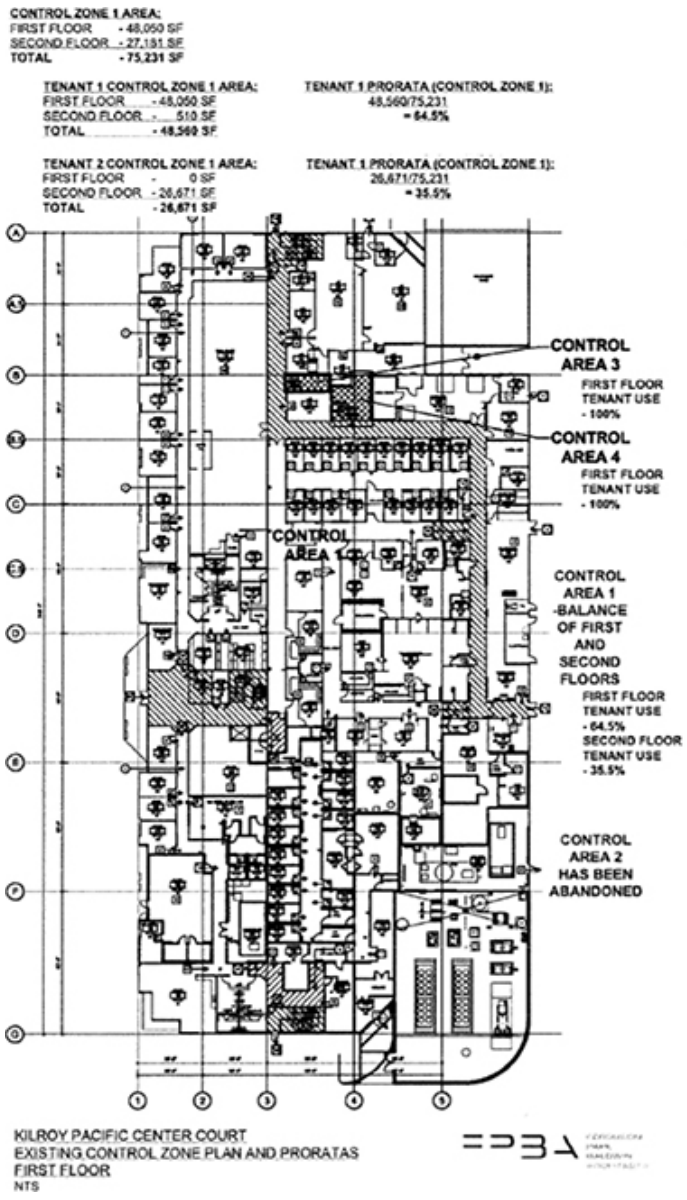

MECHANICAL MEZZANINE (SHOWN CROSS-HATCHED) - EXCLUSIVE TENANT 1 USE
WALKABLE CEILING (SHOWN HATCHED) - EXCLUSIVE TENANT 1 USE
KILROY PACIFIC CEN ER COURT
SECOND FLOOR
TENANT 1 EXCLUSIVE USE AREAS
NTS

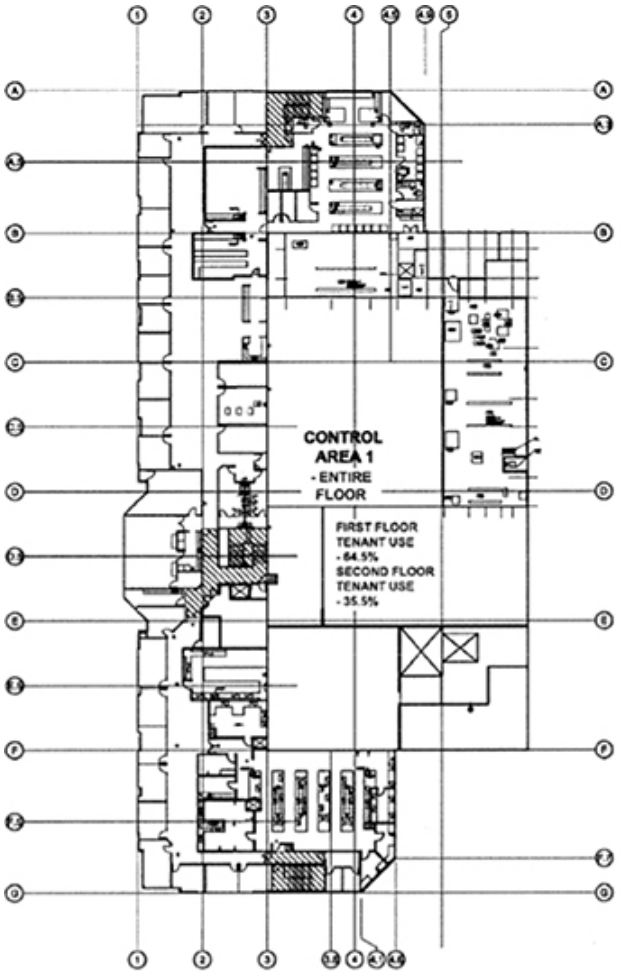
EXHIBIT A-3

PACIFIC CORPORATE CENTER

BUILDING CONTROL AREA PLAN

[ATTACHED]


CONTROL ZONE 1 AREA:
FIRST FLOOR - 48,050 SF
SECOND FLOOR - 27,181 SF
TOTAL - 75,231 SF
TENANT 1 CONTROL ZONE 1 AREA:
FIRST FLOOR - 48,050 SF
SECOND FLOOR - 510 SF
TOTAL - 48,560 SF
TENANT 1 PRORATA (CONTROL ZONE 1):
48,560/75,231
= 64.5%
TENANT 2 CONTROL ZONE 1 AREA:
FIRST FLOOR - 0 SF
SECOND FLOOR - 26,671 SF
TOTAL - 26,671 SF
TENANT 1 PRORATA (CONTROL ZONE 1):
26,671/75,231
= 35.5%
CONTROL AREA 3
FIRST FLOOR TENANT USE - 100%
CONTROL AREA 4
FIRST FLOOR TENANT USE - 100%
CONTROL AREA 1
CONTROL AREA 1 -BALANCE OF FIRST AND SECOND FLOORS
FIRST FLOOR TENANT USE - 64.5%
SECOND FLOOR TENANT USE - 35.5%
CONTROL AREA 2 HAS BEEN ABANDONED
KILROY PACIFIC CENTER COURT
EXISTING CONTROL ZONE PLAN AND PRORATAS
FIRST FLOOR
NTS



KILROY PACIFIC CENTER COURT
EXISTING CONTROL ZONE PLAN AND PRORATAS
SECOND FLOOR
NTS

EXHIBIT B

PACIFIC CORPORATE CENTER

WORK LETTER AGREEMENT

This Work Letter shall set forth the terms and conditions relating to the construction of the improvements in the Premises. This Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references in this Work Letter to Articles or Sections of "this Lease" shall mean the relevant portion of Articles l through 29 of the Office Lease to which this Work Letter is attached as **Exhibit B** and of which this Work Letter forms a part, and all references in this Work Letter to Sections of "this Work Letter" shall mean the relevant portion of Sections l through 6 of this Work Letter.

SECTION l

LANDLORD'S INITIAL CONSTRUCTION

1.1 Base Building as Constructed by Landlord. Landlord has constructed, at its sole cost and expense, the Base Building. The Base Building shall consist of those portions of the Premises which were in existence prior to the construction of the improvements in the Premises for the prior tenant (if any) of the Premises.

1.2 Landlord Work. Landlord shall cause the construction or installation of the following items on the floor of the Building containing the Premises (collectively, the "**Landlord Work**"). The Landlord Work shall be performed in compliance with all Applicable Laws at Landlord's sole cost and expense, which cost and expense shall be expressly excluded from Operating Expenses and the Improvement Allowance. Tenant may not change or alter the Landlord Work.

1.2.l Demising of Premises. Landlord has, at Landlord's cost, previously demised the Premises in accordance with the demising plan indicated on **Exhibit A-1** to this Lease.

l.2.2 Building System. Landlord has previously separated the following Building Systems serving the Premises from those servicing the non-Premises portions of the Building: (i) HVAC; (ii) electrical; (iii) natural gas; (iv) deionized water; (v) Carbon-Dioxide (C02) piping; (vi) vacuum piping; (vii) laboratory compressed air; and (viii) city water. Further, Landlord shall, at Landlord's cost and on a contemporaneous basis with Landlord's control of the construction of the Improvements as set forth in the remainder of this Work Letter, (A) install sample ports in the lab waste system; (B) provide an emergency generator enclosure with associated pad and feeders (excluding the generator itself) in a reasonably designated area adjacent to the Building; (C) provide HYAC consisting of packaged heat pumps with l2 thermal zones that will provide a re-circulated environment; (D) provide plumbing connections from second floor dedicated water meter to second floor plumbing fixtures; and (E) reinstall the drop ceiling in laboratory areas.

1.2.3 Architect's and Engineer's Fees and Costs. Landlord shall be solely responsible for the payment of the fees of the architects and engineers utilized in connection with the Landlord Work. In addition, and notwithstanding any contrary provisions set forth in this Work Letter, Landlord shall be solely responsible for the payment of the fees of the "Architect" and the "Engineers," as those terms are defined in Section 3.1 of this Work Letter, and payment of the fees incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the "Construction Drawings," as that term is defined in Section 3.l of this Work Letter.

SECTION 2

IMPROVEMENTS

2.1 Improvement Allowance. Tenant shall be entitled to a one-time improvement allowance (the "**Improvement Allowance**") in the amount of Thirteen and 00/100 Dollars ($13.00) per rentable square foot of the Premises for the costs relating to the initial design and construction of the improvements which are permanently affixed to the Premises (the "**Improvements**"). In no event shall Landlord be obligated to make disbursements pursuant to this Work Letter in the event that Tenant fails to immediately pay any portion of the "Over-Allowance Amount," as defined in Section 4.2.l, nor shall Landlord be obligated to pay a total amount which exceeds the sum of the Improvement Allowance and the cost of the Landlord Work. Notwithstanding the foregoing or any contrary provision of this Lease, all Improvements shall be deemed Landlord's property under the terms of this Lease except to the extent otherwise expressly excluded from Landlord's property pursuant to the TCCs of Section 8.6 of this Lease. Any unused portion of the Improvement Allowance remaining as of June 30, 2013 shall remain with Landlord and Tenant shall have no further right thereto.

2.2 Disbursement of the Improvement Allowance. Except as otherwise set forth in this Work Letter, the Improvement Allowance shall be disbursed by Landlord (each of which disbursements shall be made pursuant to Landlord's disbursement process, including, without limitation, Landlord's receipt of invoices for all costs and fees described herein) for costs related to the construction of the Improvements and for the following items and costs (collectively, the "**Improvement Allowance Items**"):

2.2.l The cost of any changes to the Construction Drawings or Improvements required by all applicable building codes (the "**Code**");

2.2.2 The cost of any changes in the Base Building when such changes are required by the Construction Drawings;

2.2.3 The cost of all plan check, permit and license fees relating to construction of the Improvements;

2.2.4 The "Landlord Supervision Fee'', as that term is defined in Section 4.3.2 of this Work Letter;

2.2.5 To the extent designated for inclusion by Tenant, the cost of Tenant's telecommunications systems, internet connectivity and network cabling, moving costs, and any

other costs relating to the Premises (other than the cost of furniture or leasing costs) ("**Soft Costs**"); provided, however, in no event shall the foregoing exceed an aggregate amount equal to Three Dollars ($3.00) per rentable square foot of the Premises.

2.3 Building Standards. Landlord has established or may establish specifications for certain Building standard components to be used in the construction of the Improvements in the Premises. The quality of Improvements shall be equal to or of greater quality than the quality of such Building standards, provided that Landlord may, at Landlord's option, require the Improvements to comply with certain Building standards. Landlord may make changes to said specifications for Building standards from time to time.

2.4 Removal of Improvements. Other than with respect to Above Standard Improvements as set forth in this Section 2.4, Landlord shall not require Tenant to remove from the Premises any Improvements (to the extent the same are construction in the Premises in accordance with the terms of this Work Letter) upon the expiration or any earlier termination of this Lease. "**Above Standard Improvements**" shall mean any part of the Improvements which do not constitute normal and customary general office improvements as reasonably determined by Landlord (Above Standard Improvements shall include, without limitation, improvements such as voice, data and other cabling, raised floors, floor penetrations, any installations outside the Premises, or any areas requiring floor reinforcement, personal baths and showers, vaults, rolling file systems, any vivariums or vivarium related improvements, laboratory space, and structural alterations of any type), and identified by Landlord for removal at the time of Landlord's review and approval (to the extent such approval is granted) of the Final Space and/or the Final Working Drawings. In the event so identified by Landlord, Tenant shall remove such Above Standard Improvements upon the expiration or earlier termination of this Lease as more particularly set forth in Section 8.5 of this Lease.

SECTION 3

CONSTRUCTION DRAWINGS

3.1 Selection of Architect/Construction Drawings. Landlord shall retain, on behalf of Tenant, FPBA Architects (the "Architect") to prepare the "Construction Drawings," as that term is defined in this Section 3.1. Landlord shall retain, on behalf of Tenant, engineering consultants and/or design-build consultants designated by Landlord (the "**Engineers**") to prepare all plans and engineering working drawings relating to the structural, mechanical, electrical, plumbing and HYAC work of the Improvements and any relevant components of the Landlord Work. The plans and drawings to be prepared by Architect and the Engineers hereunder shall be known collectively as the "**Construction Drawings**." All Construction Drawings shall comply with the drawing format and specifications as determined by Landlord, and shall be subject to Landlord's approval as more particularly set forth in Sections 3.2 and 3.3, below. Notwithstanding Landlord's retention of the Architect and Engineers, Tenant shall be responsible for, and shall fully cooperate and coordinate in good faith with Landlord, the Architect and the Engineers to supply all of the necessary information within Tenant's possession to allow the Architect and the Engineers to initially prepare and then complete, the Construction Drawings. Landlord hereby agrees (at no cost to Landlord) to cooperate, on a commercially reasonable basis, with Tenant to assist Tenant in the preparation of the Construction Drawings. Landlord's review of the

Construction Drawings applicable to the Improvements (as opposed to Landlord Work) and as set forth in this Section 3, shall be for its sole purpose and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Improvement-related portions of such Construction Drawings are reviewed by Landlord, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in such portions of the Construction Drawings, and Tenant's waiver and indemnity set forth in this Lease shall specifically apply to such portions of the Construction Drawings.

3.2 Final Space Plan. On or before the date set forth in Schedule 1, attached hereto, Tenant and the Architect shall prepare the final space plan for Improvements in the Premises (collectively, the "**Final Space Plan**"), which Final Space Plan shall include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver four (4) hard copies signed by Tenant to Landlord for Landlord's approval, and concurrently with Tenant's delivery of such hard copies, Tenant shall send to Landlord via electronic mail one (1) .pdf electronic copy of such Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of the Final Space Plan for the Premises if the same is unsatisfactory or incomplete in any respect; provided, however, Landlord shall only disapprove such Final Space Plan to the extent of a Design Problem. Landlord shall set forth with reasonable specificity in what respect the Final Space Plan is unsatisfactory or incomplete. If Tenant is so advised, Tenant shall promptly cause the Final Space Plan to be revised within five (5) business days in order to correct any deficiencies or other matters Landlord may reasonably require, and immediately thereafter Architect shall promptly re-submit the Final Space Plan to Landlord for its approval. Such procedure shall continue (except that the time frame to consent to any revisions shall be shortened to three (3) business days) until the Final Space Plan is approved by Landlord. For purposes of this Work Letter, a "Design Problem" shall be any aspect of the Final Space Plan that (a) have an adverse effect on the structural integrity of the Building; (b) are not in compliance with Applicable Law; (c) have an adverse effect on the systems and equipment of the Building; (d) have an effect on the exterior appearance of the Building; (e) do not comply with the Building standards identified in Section 2.3 of this Work Letter, (f) cause unreasonable interference with the normal and customary operations of any other tenant in the Building, or (g) has incomplete, missing or inaccurate information.

3.3 Final Working Drawings. On or before the date set forth in Schedule 1, Tenant, the Architect and the Engineers shall complete the architectural and engineering drawings for the Premises, and the final architectural working drawings in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Final Working Drawings**") and shall submit four (4) hard copies signed by Tenant of the Final Working Drawings to Landlord for Landlord's approval, and concurrently with Tenant's delivery of such hard copies, Tenant shall send to Landlord via electronic mail one (1) .pdf electronic copy of such Final Working Drawings; provided, however, Landlord shall only disapprove of the Final Working Drawings to the extent the same are not consistent with, or a logical evolution of, the Final Space Plan. Landlord shall advise Tenant within five (5) business days after Landlord's receipt of all of the Final Working Drawings, either (i) approve the Final Working Drawings, (ii) approve the Final Working Drawings subject to specified

conditions, which conditions must be stated in a reasonably clear and complete manner, or (iii) disapprove and return the Construction Drawings to Tenant with requested revisions. If Landlord disapproves the Final Working Drawings, Tenant shall promptly cause the Final Working Drawings to be revised within five (5) business days in order to correct any deficiencies or other matters Landlord may reasonably require, and immediately thereafter Architect shall promptly re-submit the Final Space Plan to Landlord for its approval based upon the criteria set forth in this Section 3.3, within five (5) business days after Landlord receives such resubmitted Final Working Drawings. Such procedure shall be repeated until the Final Working Drawings are approved.

3.4 Permits. The Final Working Drawings shall be approved by Landlord (the "**Approved Working Drawings**") prior to the commencement of the construction of the Improvements. Landlord shall cause the Approved Working Drawings to be immediately submitted to the appropriate municipal authorities for all applicable building and other permits necessary to allow "Contractor," as that term is defined in Section 4.1, below, to commence and fully complete the construction of the Improvements and the relevant Landlord Work (the "**Permits**"). No changes, modifications or alterations in the Approved Working Drawings may be made without the prior written consent of Landlord, provided that Landlord may withhold its consent, in its sole discretion, to any change in the Approved Working Drawings if such change would directly or indirectly delay the "Substantial Completion" of the Premises as that term is defined in Section 5.l of this Work Letter.

3.5 Time Deadlines. Landlord and Tenant shall use their best, good faith, efforts and all due diligence to cooperate with the Architect, the Engineers, and each other to complete all phases of the Construction Drawings and the permitting process and to receive the permits, and with Contractor for approval of the "Cost Proposal," as that term is defined in Section 4.2 of this Work Letter, as soon as possible after the execution of the Lease, and, in that regard, shall meet with Landlord on a scheduled basis to be mutually and reasonably determined by Landlord and Tenant, to discuss Tenant's progress in connection with the same. The applicable dates for approval of items, plans and drawings as described in this Section 3, Section 4, below, and in this Work Letter are set forth and further elaborated upon in Schedule 1 (the "**Time Deadlines**"), attached hereto. Tenant agrees to comply with the Time Deadlines.

3.6 Electronic Approvals. Notwithstanding any provision to the contrary contained in the Lease or this Work Letter, Landlord may, in Landlord's sole and absolute discretion, transmit or otherwise deliver any of the approvals required under this Work Letter via electronic mail to Tenant's representative identified in Section 5.1 of this Work Letter, or by any of the other means identified in Section 29.18 of this Lease.

SECTION 4

CONSTRUCTION OF THE IMPROVEMENTS

4.1 Contractor. Landlord shall retain DPR Construction as the contractor (the "**Contractor**") to construct the Improvements.

4.2 Cost Proposal. After the Approved Working Drawings are signed by Landlord and Tenant, Landlord shall provide Tenant with a cost proposal in accordance with the Approved Working Drawings, which cost proposal shall include, as nearly as possible, the cost of all Improvement Allowance Items to be incurred by Tenant in connection with the design and construction of the Improvements (the "**Cost Proposal**"). Tenant shall approve and deliver the Cost Proposal to Landlord within five (5) business days of the receipt of the same, and upon receipt of the same by Landlord, Landlord shall be released by Tenant to purchase the items set forth in the Cost Proposal and to commence the construction relating to such items. The date by which Tenant must approve and deliver the Cost Proposal to Landlord shall be known hereafter as the "**Cost Proposal Delivery Date**". Notwithstanding the foregoing, Tenant shall have the one-time right to object to such Cost Proposal prior to the Cost Proposal Delivery Date by providing Landlord with written notice of such objection, and which notice shall specifically identify, in detail, the proposed changes that Tenant desires such the Cost Proposal would be acceptable to Tenant, as well as Tenant's desired pricing parameters. In the event Tenant so objects to the Cost Proposal, Tenant shall work directly with the Architect and/or Engineers to revise the Final Space Plan and/or Approved Working Drawings (as applicable), and resubmit the Final Space Plan and/or Approved Working Drawings (as applicable) to Landlord within three (3) business days following Tenant's objection, which revised Final Space Plan and/or Approved Working Drawings (as applicable) shall be subject to Landlord's approval in accordance with the provisions of Section 3 of this Work Letter, and following the approval of the revised Final Space Plan and/or Approved Working Drawings (as applicable) by Landlord and Tenant, Landlord shall submit a revised cost proposal "**Revised Cost Proposal**" to Tenant for its approval in accordance with the terms set forth above in this Section 4.2. The date by which Tenant must approve and deliver the Cost Proposal to Landlord shall be known hereafter as the "Revised Cost Proposal Delivery Date." In the event Tenant fails to approve or timely object to the original Cost Proposal or Revised Cost Proposal on or before the Cost Proposal Delivery Date, or the Revised Cost Proposal Delivery Date, respectively, such failures shall be deemed to be Tenant delays subject to the terms of Section 5.2 of this Work Letter.

4.3 Construction of Improvements by Contractor under the Supervision of Landlord.

4.3.1 Over-Allowance Amount. On the Cost Proposal Delivery Date, Tenant shall deliver to Landlord cash in an amount (the "**Over-Allowance Amount**") equal to the difference between (i) the amount of the Cost Proposal and (ii) the amount of the Improvement Allowance. The Over-Allowance Amount shall be disbursed by Landlord on a pro-rata basis along with any then remaining portion of the Improvement Allowance, and such disbursement shall be pursuant to the same procedure as the Improvement Allowance. In the event that, after the Cost Proposal Delivery Date, any revisions, changes, or substitutions shall be made to the Construction Drawings or the Improvements, any additional costs which arise in connection with such revisions, changes or substitutions or any other additional costs shall be paid by Tenant to

Landlord immediately upon Landlord's request as an addition to the Over-Allowance Amount. In addition, if the Final Working Drawings or any amendment thereof or supplement thereto shall require alterations in the Base Building (as contrasted with the Improvements), and if Landlord in its sole and exclusive discretion agrees to any such alterations, and notifies Tenant of the need and cost for such alterations, then Tenant shall pay the cost of such required changes in advance upon receipt of notice thereof (but only to the extent that no Improvement Allowance funds remain unallocated and undisbursed and are available to pay for the same). Tenant shall pay all direct architectural and/or engineering fees in connection therewith, plus six percent (6%) of such direct costs for Landlord's servicing and overhead. In the event that Tenant fails to deliver the Over-Allowance Amount as provided in this Section 4.3.1, then Landlord may, at its option, cease work in the Premises until such time as Landlord receives payment of the Over- Allowance Amount (and such failure to deliver shall be treated as a Tenant delay in accordance with the terms of Section 5.2 below).

4.3.2 Landlord's Retention of Contractor. Landlord shall independently retain Contractor to construct the Improvements in accordance with the Approved Working Drawings and the Cost Proposal and Landlord shall supervise the construction by Contractor, and Tenant shall pay a construction supervision and management fee (the "**Landlord Supervision Fee**") to Landlord in an amount equal to the product of (i) six percent (6%) and (ii) an amount equal to the Improvement Allowance plus the Over-Allowance Amount (as such Over-Allowance Amount may increase pursuant to the terms of this Work Letter).

4.3.3 Contractor's Warranties and Guaranties. Landlord hereby assigns to Tenant all warranties and guaranties by Contractor relating to the Improvements, and Tenant hereby waives all claims against Landlord relating to, or arising out of the construction of, the Improvements.

4.3.4 Additional Items. Landlord may elect to cause Contractor and Architect to cause a Notice of Completion to be recorded in the office of the County Recorder of the county in which the Building is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute.

SECTION 5

DELAY OF SUBSTANTIAL COMPLETION OF PREMISES; EXTENSION OF LEASE COMMENCEMENT DATE

5.1 Delay of the Substantial Completion of the Premises. Except as provided in this Section 5.1, the Lease Commencement Date shall occur as set forth in the Lease and Section 5.2, below. If there shall be a delay or there are delays in the Substantial Completion of the Improvements as a direct, indirect, partial, or total result of:

5.1.1 Tenant's failure to comply with the Time Deadlines;

5.1.2 Tenant's failure to timely approve any matter requiring Tenant's approval;

5.1.3 A breach by Tenant of the terms of this Work Letter or the Lease;

5.1.4 Changes in any of the Construction Drawings after disapproval of the same by Landlord or because the same do not comply with Code or other applicable laws;

5.1.5 Tenant's request for changes in the Approved Working Drawings;

5.1.6 Tenant's requirement for materials, components, finishes or improvements which are not available in a commercially reasonable time (and where no reasonable substitute exists) given the anticipated date of Substantial Completion of the Improvements, as set forth in the Lease;

5.1.7 Changes to the Base Building required by the Approved Working Drawings;

5.1.8 Tenant's use of specialized or unusual improvements and/or delays m obtaining Permits due thereto;

5.1.9 Any failure by Tenant to timely pay to Landlord any portion of the Over-Allowance Amount; or

5.1.10 Any other acts or omissions of Tenant, or its agents, or employees;

then, notwithstanding anything to the contrary set forth in the Lease or this Work Letter and regardless of the actual date of the Substantial Completion of the Improvements, Substantial Completion of the Improvements shall be deemed to have occurred on the date such Substantial Completion of the Improvements would have occurred if no Tenant delay or delays, as set forth above, had occurred.

5.2 Substantial Completion: Extension of Lease Commencement Date. For purposes of this Lease, and subject to adjustment for any Tenant delay or delays as set forth in Section 5.1 of this Work Letter above, "**Substantial Completion**" of the Improvements shall occur upon the completion of construction of the Improvements in the Premises pursuant to the Approved Working Drawings, with the exception of any punch list items and any tenant fixtures, work-stations, built-in furniture, or equipment to be installed by Tenant or under the supervision of Contractor. To the extent Substantial Completion of the Improvements has not occurred on or before August 16, 2011, the Lease Commencement Date otherwise set forth in Section 3.2 of the Summary to this Lease shall be extended on a day-for-day basis (in which event any other dates calculated based upon the Lease Commencement Date, such as the Lease Expiration Date and the Rent Abatement Period, shall be adjusted accordingly).

SECTION 6

MISCELLANEOUS

6.1 Tenant's Entry Into the Premises Prior to Substantial Completion. Provided that Tenant and its agents do not interfere with construction of the Improvements, Landlord shall allow Tenant access to the Premises up to sixty (60) days prior to the Substantial Completion of the Improvements for the purpose of Tenant installing over standard equipment or fixtures (including Tenant's data and telephone equipment) in the Premises, which installation shall be

subject to Tenant's receipt, at Tenant's sole cost and expense, of any required approvals and/or permits from the applicable governmental agencies. Prior to Tenant's entry into the Premises as permitted by the terms of this Section 6.1, Tenant shall submit a schedule to Landlord and Contractor, for their approval, which schedule shall detail the timing and purpose of Tenant's entry. Additionally, all of Tenant's Agents, as that term is defined in Section 6.5, below, shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in this Lease. Certificates for all insurance carried pursuant to this Section 6.1 shall be delivered to Landlord prior to Tenant's entry into the Premises. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Improvements are fully completed and accepted by Landlord. All policies carried under this Section 6.1 shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Agents. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by owner is excess and noncontributing with the insurance required hereunder. Tenant shall hold Landlord harmless from and indemnify, protect and defend Landlord against any loss or damage to the Building or Premises and against injury to any persons caused by Tenant's actions pursuant to this Section 6.1.

6.2 Freight Elevators. As indicated in Section 6.4.2 of this Lease, Landlord shall use commercially reasonable efforts to coordinate with Tanvex, the tenant of the remainder of the Building, to allow Tenant the temporary use of the Building elevator located in the back warehouse portion the first floor, which elevator services the Building mezzanine, in order to initially move Tenant's furniture, fixtures and equipment into the Premises.

6.3 Tenant's Representative. Tenant has designated Ed Marples as its sole representative with respect to the matters set forth in this Work Letter (whose e-mail address for the purposes of this Work Letter is emarples@anaptvsbio.com), who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter.

6.4 Landlord's Representatives. Landlord has designated Richard Mount and Jake Brehm as its sole representative (the "**Project Managers**") with respect to the matters set forth in this Work Letter (whose e-mail addresses for the purposes of this Work Letter are rmount@kilroyrealty.com and jbrehm@kilroyrealty.com, respectively), who shall each be responsible for the implementation of all Improvements to be performed by Landlord in the Premises. With regard to all matters involving such Improvements, Tenant shall communicate with the Project Managers rather than with the Contractor. Landlord shall not be responsible for any statement, representation or agreement made between Tenant and the Contractor or any subcontractor. It is hereby expressly acknowledged by Tenant that such Contractor is not Landlord's agent and has no authority whatsoever to enter into agreements on Landlord's behalf or otherwise bind Landlord. The Project Managers will furnish Tenant with notices of substantial completion, cost estimates for above standard Improvements, Landlord's approvals or disapprovals of all documents to be prepared by Tenant pursuant to this Work Letter and changes thereto.

6.5 Tenant's Agents. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment (individually or collectively, "**Labor Disturbing Services**") that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. Alternatively, at Landlord's sole election, Landlord may require that Tenant shall cease utilizing the applicable Labor Disturbing Services during Building Hours, and may only utilize such Labor Disturbing Services during hours other than Building Hours. All contractors, subcontractors, laborers, materialmen, and suppliers retained directly by Tenant shall be the "Tenant's Agents").

6.6 Time is of the Essence. Time is of the essence under this Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days.

6.7 Tenant's Lease Default. Notwithstanding any provision to the contrary contained in the Lease or this Work Letter, if any default (beyond the applicable notice and cure period set forth in this Lease or this Work Letter) by Tenant under the Lease or this Work Letter (including, without limitation, any failure by Tenant to fund any portion of the Over-Allowance Amount) occurs at any time on or before the Substantial Completion of the Improvements, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold payment of all or any portion of the Improvement Allowance and/or Landlord may, without any liability whatsoever, cause the cessation of construction of the Improvements (in which case, Tenant shall be responsible for any delay in the Substantial Completion of the Improvements and any costs occasioned thereby), and (ii) all other obligations of Landlord under the terms of the Lease and this Work Letter shall be forgiven until such time as such default is cured pursuant to the terms of this Lease.

6.8 Punch List. Promptly following the Substantial Completion of the Improvements, a representative of Tenant and a representative of Landlord and/or the Architect shall perform a joint walk-through inspection of the Improvements in the Premises to identify any "punchlist" items of known or apparent deficiencies or incomplete work required to be corrected or completed by Landlord pursuant to the Approved Working Drawings, which items Landlord shall repair or correct no later than thirty (30) days after the date of such walk-through (unless the nature of such repair or correction is such that more than thirty (30) days are required for completion, in which case, Landlord shall commence such repair or correction work within such thirty (30) day period and diligently prosecute the same to completion).

SCHEDULE 1 TO EXHIBIT B

TIME DEADLINES

	Dates	Actions to be Performed
A.	Within ten (10) business days following the full execution and delivery of this Lease by Landlord and Tenant	Final Space Plan to be completed by Tenant and delivered to Landlord.
B.	Five (5) business days after the receipt of the Cost Proposal by Tenant	Tenant to approve Revised Cost Proposal and deliver Revised Cost Proposal to Landlord.
C.	Five (5) business days after the receipt of the Revised Cost Proposal by Tenant.	Tenant to approve Revised Cost Proposal and deliver Revised Cost Proposal to Landlord.

EXHIBIT C

PACIFIC CORPORATE CENTER

NOTICE OF LEASE TERM DATES

To: _____
_____
_____
_____

Re: Office Lease dated , between , a ("Landlord"), and , a ("Tenant") concerning Suite on floor(s) of the office building located at , , California.

Gentlemen:

In accordance with the Office Lease (the "Lease"), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on for a term of ending on .
2. Rent commenced to accrue on , in the amount of .
3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.
4. Your rent checks should be made payable to at .
5. The exact number of rentable/usable square feet within the Premises is square feet.

5. Tenant's Share as adjusted based upon the exact number of usable square feet within the Premises is %.

"Landlord":

a

By:
Its:

Agreed to and Accepted as of , 20 .

"Tenant":

a

By:
Its:

EXHIBIT D

PACIFIC CORPORATE

CENTER RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises, other than the doors in the second (2nd floor) elevator lobby of the Premises which may remain open during Building Hours.

3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the San Diego, California area. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. The Landlord and his agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. No large furniture, freight or large equipment of any kind shall be brought into the Building without prior notice to Landlord. All such moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

5. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

6. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of the Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

7. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

8. Tenant shall not overload the floor of the Premises, nor (except to the extent of hanging typical picture frames, white boards, interior signs, and the like, on the walls) mark, drive nails or screws, or drill into the partitions, woodwork or drywall or in any way deface the Premises or any part thereof without Landlord’s prior written consent.

9. Except for vending machines intended for the sole use of Tenant’s employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

10. Except as otherwise expressly permitted in the Lease, Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline, explosive material, corrosive material, material capable of emitting toxic fumes, or other inflammable or combustible fluid chemical, substitute or material. Tenant shall provide material safety data sheets for any Hazardous Material used or kept on the Premises.

11. Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

12. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a

manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways. Landlord hereby acknowledges and agrees that Tenant's use of the Premises for the Permitted Use shall in no event be deemed "offensive or objectionable" in and of itself nor otherwise constitute a breach of this Section 12.

13. Tenant shall not bring into or keep within the Project, the Building or the Premises any firearms, animals (except in connection with the rodent vivarium), birds, aquariums, or, except in areas designated by Landlord, bicycles or other vehicles. Throughout the Term of the Lease, Landlord shall provide for Tenant's use a bike locker to adequately secure and store bicycles.

14. No cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, miles and regulations. Landlord hereby acknowledges and agrees that Tenant's use of the Premises for the Permitted Use shall not, in and of itself, be deemed "offensive, objectionable or immoral" nor otherwise constitute a breach of this Section 14.

15. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant .shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

16. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

17. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises. Furthermore, in no event shall Tenant, its employees or agents smoke tobacco products within the Building or within seventy-five feet (75') of any entrance into the Building or into any other Project building.

18. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating

and air conditioning system, and shall refrain from attempting to adjust any controls. Tenant shall participate in recycling programs undertaken by Landlord.

19. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in San Diego, California without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate. If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expense, cause the Premises to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in. writing in advance by Landlord. Landlord shall, at Tenant's sole cost and expense, provide one (1) dumpster (with locking capabilities) in the area of the Project designated by Landlord for the use of such dumpsters.

20. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

21. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard drapes. All electrical ceiling fixtures hung in the Premises or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and a warm white bulb color approved in advance in writing by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord. Tenant shall be responsible for any damage to the window film on the exterior windows of the Premises and shall promptly repair any such damage at Tenant's sole cost and expense. Tenant shall keep its window coverings closed during any period of the day when the sun is shining directly on the windows of the Premises. Prior to leaving the Premises for the day, Tenant shall draw or lower window coverings and extinguish all lights. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises, if any, which have a view of any interior portion of the Building or Building Common Areas.

22. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

23. Tenant must comply with requests by the Landlord concerning the informing of their employees of items of importance to the Landlord.

24. Tenant must comply with applicable "**NO-SMOKING**" ordinances and all related, similar or successor ordinances, rules, regulations or codes. If Tenant is required under the ordinance to adopt a written smoking policy, a copy of said policy shall be on file in the office of the Building. In addition, no smoking of any substance shall be permitted within the

Project except in specifically designated outdoor areas. Within such designated outdoor areas, all remnants of consumed cigarettes and related paraphernalia shall be deposited in ash trays and/or waste receptacles. No cigarettes shall be extinguished and/or left on the ground or any other surface of the Project. Cigarettes shall be extinguished only in ashtrays. Furthermore, in no event shall Tenant, its employees or agents smoke tobacco products or other substances within any interior areas of the Project or within seventy-five feet (75') of any entrance into the Building or into any other Project building.

25. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

26. All office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

27. Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

28. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

29. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

30. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate, visibly marked and properly operational fire extinguisher next to any duplicating or photocopying machines or similar heat producing equipment, which may or may not contain combustible material, in the Premises.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord agrees that it will not unreasonably modify, amend, change or enforce these Rules and Regulations in any unreasonable manner or in a manner which will unreasonably and materially interferes with the Permitted Use pursuant to the terms and conditions of Article 5 of

this Lease. Landlord shall provide Tenant with not less than thirty (30) days prior written notice of any modification, amendment or change to these Rules and Regulations. Notwithstanding the foregoing, Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT E

PACIFIC CORPORATE CENTER

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Office Lease (the "Lease") made and entered into as of , 201 by and between as Landlord, and the undersigned as Tenant, for Premises on the floor(s) of the office building located at , , California , certifies as follows:

1. Attached hereto as Exhibit A is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in Exhibit A represent the entire agreement between the parties as to the Premises.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on , and the Lease Term expires on , and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project.

3. Base Rent became payable on .

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in Exhibit A.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. Tenant shall not modify the documents contained in Exhibit A without the prior written consent of Landlord's mortgagee.

7. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through . The current monthly installment of Base Rent is $.

8. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder.

9. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

10. As of the date hereof, there are no existing defenses or offsets, or, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

11. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

12. There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

13. Other than in compliance with all applicable laws and incidental to the ordinary course of the use of the Premises, the undersigned has not used or stored any hazardous substances in the Premises.

14. To the undersigned's knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at on the day of , 20 .

"Tenant":

_____

a _____

By: _____

Its: _____

_____

By: _____

Its: _____

_____

EXHIBIT F

PACIFIC CORPORATE CENTER

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

ALLEN MATKINS LECK GAMBLE
& MALLORY LLP
190l Avenue of the Stars, 18th Floor
Los Angeles, California 90067
Attention: Anton N. Natsis, Esq.

RECOGNITION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

This Recognition of Covenants, Conditions, and Restrictions (this "**Agreement**") is entered into as of the day of , 20 , by and between ("Landlord"), and ("Tenant"), with reference to the following facts:

A. Landlord and Tenant entered into that certain Office Lease Agreement dated , 20 (the "Lease"). Pursuant to the Lease, Landlord leased to Tenant and Tenant leased from Landlord space (the "**Premises**") located in an office building on certain real property described in **Exhibit A** attached hereto and incorporated herein by this reference (the "**Property**").

B. The Premises are located in an office building located on real property which is part of an area owned by Landlord containing approximately ( ) acres of real property located in the City of , California (the "**Project**"), as more particularly described in **Exhibit B** attached hereto and incorporated herein by this reference.

C. Landlord, as declarant, has previously recorded, or proposes to record concurrently with the recordation of this Agreement, a Declaration of Covenants, Conditions, and Restrictions (the "**Declaration**"), dated , 20 , in connection with the Project.

D. Tenant is agreeing to recognize and be bound by the terms of the Declaration, and the parties hereto desire to set forth their agreements concerning the same.

NOW, THEREFORE, in consideration of (a) the foregoing recitals and the mutual agreements hereinafter set forth, and (b) for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows,

1. Tenant's Recognition of Declaration. Notwithstanding that the Lease has been executed prior to the recordation of the Declaration, Tenant agrees to recognize and by bound by all of the terms and conditions of the Declaration.

2. Miscellaneous.

2.1 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, estates, personal representatives, successors, and assigns.

2.2 This Agreement is made in, and shall be governed, enforced and construed under the laws of, the State of California.

2.3 This Agreement constitutes the entire understanding and agreements of the parties with respect to the subject matter hereof, and shall supersede and replace all prior understandings and agreements, whether verbal or in writing. The parties confirm and acknowledge that there are no other promises, covenants, understandings, agreements, representations, or warranties with respect to the subject matter of this Agreement except as expressly set forth herein.

2.4 This Agreement is not to be modified, terminated, or amended in any respect, except pursuant to any instrument in writing duly executed by both of the parties hereto.

2.5 In the event that either party hereto shall bring any legal action or other proceeding with respect to the breach, interpretation, or enforcement of this Agreement, or with respect to any dispute relating to any transaction covered by this Agreement, the losing party in such action or proceeding shall reimburse the prevailing party therein for all reasonable costs of litigation, including reasonable attorneys' fees, in such amount as may be determined by the court or other tribunal having jurisdiction, including matters on appeal.

2.6 All captions and heading herein are for convenience and ease of reference only, and shall not be used or referred to in any way in connection with the interpretation or enforcement of this Agreement.

2.7 If any provision of this Agreement, as applied to any party or to any circumstance, shall be adjudged by a court of competent jurisdictions to be void or unenforceable for any reason, the same shall not affect any other provision of this Agreement, the application of such provision under circumstances different from those adjudged by the court, or the validity or enforceability of this Agreement as a whole.

2.8 Time is of the essence of this Agreement.

2.9 The Parties agree to execute any further documents, and take any further actions, as may be reasonable and appropriate in order to carry out the purpose and intent of this Agreement.

2.10 As used herein, the masculine, feminine or neuter gender, and the singular and plural numbers, shall each be deemed to include the others whenever and whatever the context so indicates.

SIGNATURE PAGE OF RECOGNITION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

"Landlord":

_____

a _____

By: _____

Its: _____

"Tenant":

_____

a _____

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT G

PACIFIC CORPORATE CENTER

FORM OF LETTER OF CREDIT

(Letterhead of a money center bank acceptable to the Landlord)

FAX NO. [( ) -]
SWIFT: [Insert No., if any]

[Insert Bank Name And Address]

DATE OF ISSUE:_____

BENEFICIARY:
[Insert Beneficiary Name And Address]

APPLICANT:
[Insert Applicant Name And Address]

LETTER OF CREDIT NO. _____

EXPIRATION DATE:
_____ AT OUR COUNTERS

AMOUNT AVAILABLE:
USD[Insert Dollar Amount]
(U.S. DOLLARS [Insert Dollar Amount])

LADIES AND GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. IN YOUR FAVOR FOR THE ACCOUNT OF [Insert Tenant's Name], A [Insert Entity Type], UP TO THE AGGREGATE AMOUNT OF USD[Insert Dollar Amount] ([Insert Dollar Amount] U.S. DOLLARS) EFFECTIVE IMMEDIATELY AND EXPIRING ON (Expiration Date) AVAILABLE BY PAYMENT UPON PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON [Insert Bank Name] WHEN ACCOMPANIED BY THE FOLLOWING DOCUMENT(S):

1. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND AMENDMENT(S), IF ANY.

2. BENEFICIARY'S SIGNED STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF [Insert Landlord's Name), A [Insert Entity Type] ("LANDLORD") STATING THE FOLLOWING:

"THE UNDERSIGNED HEREBY CERTIFIES THAT THE LANDLORD, EITHER (A) UNDER THE LEASE (DEFINED BELOW), OR (B) AS A RESULT OF THE TERMINATION OF SUCH LEASE, HAS THE RIGHT TO DRAW DOWN THE AMOUNT OF USD IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), OR SUCH AMOUNT CONSTITUTES DAMAGES OWING BY THE TENANT

UNDER SUCH LEASE TO BENEFICIARY RESULTING FROM THE BREACH OF SUCH LEASE BY THE TENANT THEREUNDER, AND SUCH AMOUNT REMAINS UNPAID AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT WE HAVE RECEIVED A WRITTEN NOTICE OF [Insert Bank Name]'S ELECTION NOT TO EXTEND ITS STANDBY LETTER OF CREDIT NO. AND HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT WITHIN AT LEAST SIXTY (60) DAYS PRIOR TO THE PRESENT EXPIRATION DATE."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. AS THE RESULT OF THE FILING OF A VOLUNTARY PETITION UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE BY THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. AS THE RESULT OF AN INVOLUNTARY PETITION HA YING BEEN FILED UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE AGAINST THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

SPECIAL CONDITIONS:

PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS MAY BE MADE UNDER THIS STANDBY LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS STANDBY LETTER OF CREDIT.

ALL INFORMATION REQUIRED WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING. [Please Provide The Required Forms For Review, And Attach As Schedules To The Letter Of Credit.]

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

ALL BANKING CHARGES ARE FOR THE APPLICANT'S ACCOUNT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE EXPIRATION DATE WE SEND YOU NOTICE BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD. SAID NOTICE WILL BE SENT TO THE ADDRESS INDICATED ABOVE, UNLESS A CHANGE OF ADDRESS IS OTHERWISE NOTIFIED BY YOU TO US IN WRITING BY RECEIPTED MAIL OR COURIER. ANY NOTICE TO US WILL BE DEEMED EFFECTIVE ONLY UPON ACTUAL RECEIPT BY US AT OUR DESIGN ATED OFFICE. IN NO EVENT, AND WITHOUT FURTHER NOTICE FROM OURSELVES, SHALL THE EXPIRATION DATE BE EXTENDED BEYOND A FINAL EXPIRATION DATE OF (120 days from the Lease Expiration Date).

THIS LETTER OF CREDIT MAY BE TRANSFERRED SUCCESSIVELY IN WHOLE (BUT NOT IN PART) ONLY UP TO THE THEN AVAILABLE AMOUNT IN FAVOR OF A NOMINATED TRANSFEREE ("TRANSFEREE"), ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE IS IN COMPLIANCE WITH ALL APPLICABLE U.S. LAWS AND REGULATIONS. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S) IF ANY, MUST BE SURRENDERED TO US TOGETHER WITH OUR TRANSFER FORM (AVAILABLE UPON REQUEST) AND PAYMENT OF OUR CUSTOMARY TRANSFER FEES BY APPLICANT. IN CASE OF ANY TRANSFER UNDER THIS LETTER OF CREDIT, THE DRAFT AND ANY REQUIRED STATEMENT MUST BE EXECUTED BY THE TRANSFEREE AND WHERE THE BENEFICIARY'S NAME APPEARS WITHIN THIS STANDBY LETTER OF CREDIT, THE TRANSFEREE'S NAME IS AUTO MATICALLY SUBSTITUTED THEREFOR.

ALL DRAFTS REQUIRED UNDER THIS STANDBY LETTER OF CREDIT MUST BE MARKED: "DRAWN UNDER [Insert Bank Name] STANDBY LETTER OF CREDIT NO. ."

WE HEREBY AGREE WITH YOU THAT IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AT OR PRIOR TO [Insert Time—(*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS PRESENTED CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SUCCEEDING BUSINESS DAY. IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AFTER [Insert Time—(*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS CONFORM WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SECOND SUCCEEDING BUSINESS DAY. AS USED IN THIS LETTER OF CREDIT, "BUSINESS DAY" SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF CALIFORNIA ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE.

IF THE EXPIRATION DATE FOR THIS LETTER OF CREDIT SHALL EVER FALL ON A DAY WHICH IS NOT A BUSINESS DAY THEN SUCH EXPIRATION DATE SHALL AUTOMATICALLY BE EXTENDED TO THE DATE WHICH IS THE NEXT BUSINESS DAY.

PRESENTATION OF A DRAWING UNDER THIS LETTER OF CREDIT MAY BE MADE ON OR PRIOR TO THE THEN CURRENT EXPIRATION DATE HEREOF BY HAND DELIVERY, COURIER SERVICE, OVERNIGHT MAIL, OR FACSIMILE. PRESENTATION BY FACSIMILE TRANSMISSION SHALL BE BY TRANSMISSION OF THE ABOVE REQUIRED SIGHT DRAFT DRAWN ON US TOGETHER WITH THIS LETTER OF CREDIT TO OUR FACSIMILE NUMBER, [Insert Fax Number - ( ) -], ATTENTION: [Insert Appropriate Recipient], WITH TELEPHONIC CONFIRMATION OF OUR RECEIPT OF SUCH FACSIMILE TRANSMISSION AT OUR TELEPHONE NUMBER [Insert Telephone Number - ( ) -] OR TO SUCH OTHER FACSIMILE OR TELEPHONE NUMBERS, AS TO WHICH YOU HAVE RECEIVED WRITTEN NOTICE FROM US AS BEING THE APPLICABLE SUCH NUMBER. WE AGREE TO NOTIFY YOU IN WRITING, BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE, OF ANY CHANGE IN SUCH DIRECTION. ANY FACSIMILE PRESENTATION PURSUANT TO THIS PARAGRAPH SHALL ALSO STATE THEREON THAT THE ORIGINAL OF SUCH SIGHT DRAFT AND LETTER OF CREDIT ARE BEING REMITTED, FOR DELIVERY ON THE NEXT BUSINESS DAY, TO [Insert Bank Name] AT THE APPLICABLE ADDRESS FOR PRESENTMENT PURSUANT TO THE PARAGRAPH FOLLOWING THIS ONE.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENT(S) DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS STANDBY LETTER OF CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE LOCATED AT [Insert Bank Name], [Insert Bank Address], ATTN: [Insert Appropriate Recipient], ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT, (Expiration Date) .

IN THE EVENT THAT THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT IS LOST, STOLEN, MUTILATED, OR OTHERWISE DESTROYED, WE HEREBY AGREE TO ISSUE A DUPLICATE ORIGINAL HEREOF UPON RECEIPT OF A WRITTEN REQUEST FROM YOU AND A CERTIFICATION BY YOU (PURPORTEDLY SIGNED BY YOUR AUTHORIZED REPRESENTATIVE) OF THE LOSS, THEFT, MUTILATION, OR OTHER DESTRUCTION OF THE ORIGINAL HEREOF.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS STANDBY LETTER OF CREDIT IS SUBJECT TO THE “INTERNATIONAL STANDBY PRACTICES” (ISP 98) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 590).

Very truly yours,

(Name of Issuing Bank

By: _____

EXHIBIT H

PACIFIC CORPORATE CENTER

MARKET RENT DETERMINATION FACTORS

When determining Market Rent, the following rules and instructions shall be followed.

1. **RELEVANT FACTORS**. The "**Comparable Transactions**" shall be the "Net Equivalent Lease Rates" per rentable square foot, at which tenants, are, pursuant to transactions consummated within twelve (12) months prior to the commencement of the Option Term, leasing non-sublease, non-encumbered space comparable in location and quality to the Premises containing a square footage comparable to that of the Premises for a term of five (5) years, in an arm's-length transaction, which comparable space is located in "Comparable Buildings." The terms of the Comparable Transactions shall be calculated as a "Net Equivalent Lease Rate" pursuant to the terms of this **Exhibit H**, and shall take into consideration only the following terms and concessions: (i) the rental rate and escalations for the Comparable Transactions, the amount of parking rent per parking permit paid in the Comparable Transactions, if any, operating expense and tax protection granted in such Comparable Transactions such as a base year or expense stop (although for each such Comparable Transaction the base rent shall be adjusted to a triple net base rent using reasonable estimates of operating expenses and taxes as determined by Landlord for each such Comparable Transaction); (iv) rental abatement concessions, if any, being granted such tenants in connection with such comparable space, (v) any "Renewal Allowance," as defined herein below, to be provided by Tenant in connection with the Option Term as compared to the improvements or allowances provided or to be provided in the Comparable Transactions, taking into account the contributory value of the existing improvements in the Premises, such value to be based upon the age, design, quality of finishes, and layout of the existing improvements, and (vi) all other monetary concessions (including the value of any signage), if any, being granted such tenants in connection with such Comparable Transactions. Notwithstanding any contrary provision hereof, in determining the Market Rent, no consideration shall be given to any period of rental abatement, if any, granted to tenants in Comparable Transactions in connection with the design, permitting and construction of improvements, or any commission paid or not paid in connection with such Comparable Transaction. The Market Rent shall include adjustment of the stated size of the Premises based upon the standards of measurement utilized in the Comparable Transactions. The Market Rent shall additionally be subject to appropriate adjustments (if any) to account for differences in the then-existing financial condition of the Tenant vis-a-vis the subject tenants under the Comparable Transactions and taking into account any applicable credit enhancements (e.g., security deposits, letters of credit, guaranties, etc.).

2. **TENANT SECURITY**. The Market Rent shall additionally include a determination as to whether, and if so to what extent, Tenant must provide Landlord with financial security, such as an enhanced security deposit, a letter of credit or guaranty, for Tenant's Rent obligations during the Option Term; provided, however, Tenant shall only be obligated to provide additional financial security to the extent Tenant's then-existing financial condition is materially worse than those existing as of the date of this Lease. Such determination shall be made by reviewing the extent of financial security then generally being imposed in

Comparable Transactions from tenants of comparable financial condition and credit history to the then existing financial condition and credit history of Tenant (with appropriate adjustments to account for differences in the then-existing financial condition of Tenant and such other tenants, and giving reasonable consideration to Tenant's prior performance history during the Lease Term).

3. **RENEWAL IMPROVEMENT ALLOWANCE**. Notwithstanding anything to the contrary set forth in this **Exhibit H**, once the Market Rent for the Option Term is determined as a Net Equivalent Lease Rate, if, in connection with such determination, it is deemed that Tenant is entitled to an improvement or comparable allowance for the improvement of the Premises, (the total dollar value of such allowance shall be referred to herein as the "**Renewal Allowance**"), Landlord shall pay the Renewal Allowance to Tenant pursuant to a commercially reasonable disbursement procedure determined by Landlord and the terms of Article 8 of this Lease and the rental rate component of the Market Rent shall be increased to be a rental rate which takes into consideration that Tenant will receive payment of such Renewal Allowance and, accordingly, such payment (with interest at a then-applicable, commercially reasonable amortization rate) shall be factored into the base rent component of the Market Rent. Notwithstanding any provision to the contrary, in no event shall Tenant be obligated to accept a Renewal Allowance once the Market Rent has been determined, and in the event Tenant elects not to accept such a Renewal Allowance, the Market Rent shall be adjusted accordingly to take account of such non-election.

4. **COMPARABLE BUILDINGS**. For purposes of this Lease, the term "**Comparable Buildings**" shall mean first-class multi-tenant occupancy research and development buildings (based on the approximate percentage of lab to office buildout) which are comparable to the Building in terms of age (based upon the date of completion of construction or major renovation), quality of construction, level of services and amenities (including, but not limited to, the type (e.g., surface, covered, subterranean) and amount of parking), size and appearance, and are located in the "Comparable Area," which is the "Sorrento Mesa, University Towne Center, Torrey Pines and Del Mar/Carmel Valley Area." The "**Sorrento Mesa, University Towne Center, Torrey Pines and Del Mar/Carmel Valley Area**" shall be the area containing Comparable Buildings which have reasonably comparable freeway access to the Project and which are within an area bounded by SR-52 on the South side, SR-56 on the North side, I-15 on the East side, and the Pacific Ocean on the West side.

EXHIBIT 10.10

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

ANTIBODY GENERATION AGREEMENT

This ANTIBODY GENERATION AGREEMENT is entered into and effective as of December 2011 (the "***Effective Date***"), by and between **ANAPTYSBIO, INC.**, a Delaware corporation ("***AnaptysBio***"), having its principal place of business at 10421 Pacific Center Court, Suite 200, San Diego, CA 92121, and CELGENE CORPORATION, a Delaware corporation (together with its subsidiaries and affiliates hereinafter collectively referred to as "***Client***"), having its principal place of business at 86 Morris Avenue, Summit, NJ 07901.

WHEREAS, AnaptysBio possesses proprietary technology useful for the discovery, modification, optimization and humanization of antibodies; and

WHEREAS, Client wishes to have AnaptysBio apply such technology to one or more biological targets and/or antibodies selected by Client for the purpose of generating antibodies for use in the development of human therapeutic agents.

NOW THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. DEFINED TERMS.

1.1 "**Accounting Standards**" shall mean (a) GAAP (United States Generally Accepted Accounting Principles); or (b) IFRS (International Financial Reporting Standards), in either case, consistently applied.

1.2 "**Affiliate**" shall mean any entity that, directly or indirectly through one or more intermediaries, is controlled by, controlling, or under common control with a party hereto, for so long as such control exists, and shall include any entity more than 50% of whose voting stock or participating profit interest is owned or controlled, directly or indirectly, by a party, and any entity which owns or controls, directly or indirectly, more than 50% (or such lesser percentage that is the maximum allowed to be owned by a foreign entity in a particular jurisdiction) of the voting stock of a party. As used in this Section 1.1, "control" means to possess, directly or indirectly, the power to direct the management and policies of an entity, whether through ownership of voting securities or by contract relating to voting rights or corporate governance.

1.3 "**AnaptysBio Platform**'' shall mean AnaptysBio's proprietary technology that is generally applicable to the discovery, modification, optimization and/or humanization of antibodies and/or other proteins, and/or nucleic acids relating thereto (including, without

limitation, the expression, manufacture and formulation of any of the foregoing), such as, but not limited to, software, nucleic acids, vectors, cell lines, libraries, screening systems, reagents, methods, databases and instrumentation that, in each case, is Controlled by AnaptysBio on or after the Effective Date. The AnaptysBio Platform shall exclude Client Technology.

1.4 "**AnaptysBio Technology**" shall mean: (a) to the extent Controlled by AnaptysBio on the Effective Date or during the Research Period, all Information relating to the AnaptysBio Platform; and (b) all patent and other intellectual property rights in any of the foregoing. Without limiting the generality of the foregoing, AnaptysBio Technology shall include any such Information generated, discovered or developed in whole or in part by employees or agents of AnaptysBio in performing any Project, or otherwise generated, discovered or developed in whole or in part by employees or agents of AnaptysBio during the term of this Agreement; in each case, to the extent any of the foregoing: (i) relate or apply to the AnaptysBio Platform, improvements to the AnaptysBio Platform, or the use of the AnaptysBio Platform or any such AnaptysBio Platform improvements; or (ii) are generally applicable to the discovery, modification, optimization or humanization of proteins and nucleic acids (including, without limitation, the expression and manufacture thereof). AnaptysBio Technology shall exclude Client Technology.

1.5 "**Antibody**" shall mean any immunoglobulin molecule, or fragment thereof, whether in monospecific or other form, and shall include any immunoglobulin fragment (such as Fv, Fab, F(ab')2) containing one or more complementarity determining regions (CDRs) or framework regions (FRs)), any fusion protein comprising an immunoglobulin molecule or immunoglobulin molecule fragment and any single chain antibody (such as scFv), any truncation of any of the foregoing, or any derivative or modification of any of the foregoing.

1.6 "**BLA**" shall mean a biologics license application, as defined in the United States Federal Food, Drug and Cosmetic Act of 1938, as amended from time to time, and all rules, regulations and guidance promulgated thereunder, or any successor application thereto, or any foreign equivalent application, registration, certification or approval that is required prior to the marketing, distribution, sale and/or other commercial exploitation of a biological product for human use in a regulatory jurisdiction.

1.7 "**Client Antibody**" shall mean, with respect to a particular Project, the starting Antibody (if any) identified in the applicable Research Plan.

1.8 "**Client Assay**" shall mean, with respect to a particular Project, any assay identified in the applicable Research Plan that is to be transferred by Client to AnaptysBio (if any).

1.9 "**Client Information**" shall mean, with respect to a particular Project: (a) the Information (other than chemical or biological materials) identified in the applicable Research Plan that is to be provided by Client to AnaptysBio in connection with such Project, and (b) any additional Information disclosed by Client to AnaptysBio in connection with Client's transfer to AnaptysBio of the Client Materials for such Project.

1.10 "**Client Materials**" shall mean, with respect to a particular Project, collectively, the chemical or biological samples of Client Antibody and Client Target to be provided, and the Client Assay(s) to be transferred, by Client to AnaptysBio for use in the performance of such Project, each as set forth in the applicable Research Plan.

1.11 "**Client Results**" shall mean, with respect to a particular Project, effective only upon and from such time as Client has made full and timely payment of the Success Fee for such Project to AnaptysBio:

(a) any and all data and results generated, discovered or developed by or on behalf of Client as a result of performing the Evaluation (but excluding AnaptysBio Technology); and

(b) any and all data and results generated, discovered or developed by or on behalf of Client after payment of the Success Fee using any Delivered Antibody(ies) and/or Delivered Antibody Information.

1.12 "**Client Target**" shall mean, with respect to a particular Project, the biological target identified in the applicable Research Plan.

1.13 "**Client Technology**" shall mean: (a) Client Materials and Client Information; (b) if applicable, Client Results; and (c) all patent and other intellectual property rights in any of the foregoing.

1.14 "**Confidential Information**" shall mean all Information, tangible or intangible, whether in written, graphic, oral, visual or electronic form, that is disclosed or made available by one party to the other party under this Agreement and is not subject to the exceptions set forth in Section 5.2. Confidential Information provided by a party to the other party in written, graphic or electronic form shall be marked "Confidential." Confidential Information initially provided by a party to the other party orally or visually shall be summarized in a writing marked "Confidential" which shall be delivered to the other party within 30 days after the initial oral or visual disclosure.

1.15 "**Controlled**" shall mean, with respect to any Information or intellectual property rights, possession by a party of the ability (whether by ownership, license or otherwise) to grant a license or a sublicense of or under such Information or intellectual property rights without violating the terms of any agreement or other arrangement with any Third Party.

1.16 "**Delivered Antibody**" shall mean, with respect to a particular Project, any Antibody resulting from AnaptysBio's performance of such Project that is delivered to Client pursuant to Section 2.3(a).

1.17 "Delivered Antibody Information" shall mean, with respect to a particular Project: [*], as more fully described in the applicable Research Plan.

1.18 "**Delivered Antibody Inventions**" shall have the meaning provided in Section 4.4(a).

***Confidential Treatment Requested.**

1.19 "**Delivered Antibody Patents**" shall mean all patents and patent applications claiming or disclosing any Delivered Antibody Invention(s).

1.20 "**Evaluation**" shall have the meaning provided in Section 2.4(a).

1.21 "**Evaluation Period**" shall have the meaning provided in Section 2.4(a).

1.22 "**Excluded Costs**" shall mean, with respect to a particular Project: (a) the reasonable out-of-pocket costs of specialized reagents, supplies or equipment, or specialized services performed by Third Party subcontractors of AnaptysBio, that, in each case, are needed specifically for such Project but are not generally required for other similar projects AnaptysBio performs on behalf of Third Parties; and (b) all reasonable out-of-pocket travel costs pre-approved by Client, that are in compliance with Client's travel policy, and incurred by AnaptysBio in the event that Client requests, and AnaptysBio agrees, that any AnaptysBio personnel provide technical assistance at any location other than AnaptysBio's facilities in connection with such Project.

1.23 "**First Commercial Sale**" shall mean the first sale of a Product by Client or any of its Affiliates, licensees or sublicensees to a Third Party for end use or consumption in a country after the governing health regulatory authority of such country has granted marketing approval (*e.g.*, BLA approval) with respect to such Product. Sale to an Affiliate or to a licensee or sublicensee of Client or any of its Affiliates shall not constitute a First Commercial Sale.

1.24 "**Information**" shall mean know-how, trade secrets, data, inventions, proprietary software, works of authorship, designs, techniques, methods, processes, formulations, structure and other information relating to compounds, compositions, specifications, reagents, ideas and information.

1.25 "**Joint Invention**" shall mean any invention, whether or not patentable, that is made jointly (as determined in accordance with U.S. laws of inventorship) by one or more employees, consultants or contractors of Client and one or more employees, consultants or contractors of AnaptysBio, in the course of activities undertaken pursuant to this Agreement; but, in each case, excluding AnaptysBio Technology and Client Technology.

1.26 "**Joint Patents**" shall have the meaning provided in Section 4.4(b).

1.27 "**Materials**" shall have the meaning provided in Section 2.6.

1.28 "**Net Sales**" shall mean [*].

1.29 "**Phase 1 Trial**" shall mean a human clinical trial that would satisfy the requirements for a Phase 1 study as defined in 21 CFR § 312.21(a) (or its successor regulation) or any foreign equivalent thereof.

1.30 "**Phase 2 Trial**" shall mean a human clinical trial that would satisfy the requirements for a Phase 2 study as defined in 21 CFR § 312.21(b) (or its successor regulation) or any foreign equivalent thereof.

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1.31 "**Phase 3 Trial**" shall mean a human clinical trial that would satisfy the requirements for a Phase 3 study as defined in 21 CFR § 312.2l(c) (or its successor regulation) or any foreign equivalent thereof.

1.32 "**Product**" shall mean any product, composition, method, device, or service (a) that comprises, contains or uses any Delivered Antibody (or any derivative or modification of a Delivered Antibody), in whole or in part, or (b) the manufacture, use, sale, offer for sale or import of which is covered by any Delivered Antibody Patent.

1.33 "**Project**" shall mean a project directed to either [*].

1.34 "**Project Goals**" shall mean, with respect to a particular Project, the specific design goals with respect to binding affinity and specificity of the Antibodies to be generated and characterized by AnaptysBio in such Project, as set forth in the applicable Research Plan.

1.35 "**Remaining Materials**" shall mean any and all biological or chemical materials derived from the Client Materials in the course and as a result of performance of a Project by or on behalf of AnaptysBio. Notwithstanding the foregoing, Remaining Materials shall exclude the Delivered Antibodies.

1.36 "**Research Period**" shall mean the period commencing on the Effective Date and, subject to earlier termination of this Agreement in accordance with Article 7, [*]

1.37 "**Research Plan**" shall have the meaning provided in Section 2.1(b).

1.38 "**Results**" shall mean, with respect to a particular Project: (a) any and all data and results generated, discovered or developed by or on behalf of AnaptysBio in the course and as a result of performance of such Project, which data and results relate specifically and solely to the applicable Client Materials, Client Information and/or Delivered Antibodies; and (b) any and all data and results generated is covered or developed by or on behalf of Client as a result of performing the Evaluation of Delivered Antibodies from such Project (it being understood that upon payment of the Success Fee for such Project to AnaptysBio, the data and results described in this clause (b) shall be deemed Client Results). Notwithstanding the foregoing, the Results shall exclude the AnaptysBio Technology and the Client Technology.

1.39 "**Subject AnaptysBio Patent**" shall mean any patent application or patent within the AnaptysBio Technology that:

(a) claims any invention that AnaptysBio either (i) used in generating a particular Delivered Antibody assigned to Client hereunder, or (ii) incorporated into a particular Delivered Antibody assigned to Client hereunder; and

(b) would, in the absence of a license thereunder, be infringed by the manufacture, use, sale, offer for sale or import of such Delivered Antibody.

1.40 "**Success Fee**" shall have the meaning provided in Section 3.3.

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1.41 "**Success Fee Due Date**" shall mean, with respect to a particular Project, the date that is [*] after expiration of the Evaluation Period and receipt of invoice for such Project. Notwithstanding the foregoing, if, prior to expiration of the Evaluation Period for a Project, Client exercises its rights under Section 2.4(b) with respect to such Project, then the "Success Fee Due Date" shall be the date that is [*].

1.42 "**Third Party**" shall mean any entity other than AnaptysBio or Client or an Affiliate of AnaptysBio.

1.43 "**Valid Claim**" means a claim of an issued patent that has not expired or been revoked, held invalid or unenforceable by a patent office, court or other governmental agency of competent jurisdiction in a final and non-appealable judgment (or judgment from which no appeal was taken within the allowable time period), or a claim within a patent application that has not been revoked, cancelled, withdrawn, held invalid or abandoned and which has not been pending for more than [*] years from its first priority filing date.

2. STEERING COMMITTEE, PROJECTS AND DELIVERABLES.

2.1 Steering Committee and Projects.

(a) Steering Committee. A steering committee (hereinafter the "***Steering Committee***") shall be formed within 30 days after the Effective Date, as further described at Exhibit B.

(b) Approval of Projects. During the Research Period, AnaptysBio shall perform the [*] Projects for Client attached hereto as Exhibit A (the "***Research Plan***") and the Projects described therein (the "***Projects***"). During the performance of a Project, [*]. If AnaptysBio disputes in good faith that a proposed substitute Project is feasible, AnaptysBio shall so notify Client within [*] after receipt of the Project Notice, and the parties shall confer in good faith regarding the matter, [*]. In addition, in the event AnaptysBio [*]. Unless AnaptysBio provides notice as set forth above that [*], which shall be in a form acceptable to the parties and shall specify the following information for such substitute Project:

[*]

(c) Research Plans. Each Research Plan shall be subject to all of the terms and conditions of this Agreement, in addition to the specific details set forth in such Research Plan. To the extent any terms of a Research Plan conflict with the terms of this Agreement, the terms of this Agreement shall control, unless and only to the extent that such Research Plan expressly states the intent of the parties that the Research Plan supersede this Agreement with respect to a specific matter. Each fully-executed Research Plan shall be deemed incorporated herein by reference, and a copy thereof shall be attached to this Agreement. Any changes to a Research Plan shall be in writing, executed by an authorized representative of each party, attached to the original Research Plan, and incorporated herein and therein by reference.

(d) Exclusivity. On a Project-by-Project basis, commencing on acceptance of the Research Plan for each Project and expiring on, as applicable, [*]; except for the activities under this Agreement, AnaptysBio shall not [*]. Notwithstanding the preceding sentence or any

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other provision of this Agreement to the contrary, AnaptysBio shall at all times be free to conduct, participate in, or fund, directly or indirectly, alone or with any Third Party, any activities directed to the discovery, research or commercialization of Antibodies that: [*].

2.2 Transfer and Use of Client Materials and Information. As promptly as practicable after mutual written approval of the Research Plan for each substitute Project (or after the Effective Date in the case of the Projects), Client shall deliver to AnaptysBio the Client Materials and the Client Information for such Project as specified in the applicable Research Plan.

2.3 Performance of Projects; Substitution of Projects; Deliverables. On a Project-by-Project basis, promptly following receipt of the Client Materials and Client Information for a Project, AnaptysBio shall use commercially reasonable efforts to perform such Project, as described in the applicable Research Plan. In the event that the research term of the Project exceeds [*] or a substitute Project is agreed to by the parties under Section 2.l(b), and the combined research term of the Project and substitute Project exceed [*], the parties agree to negotiate in good faith additional funding payments for the time period that is in excess of [*]. In addition, such substitute Project shall not be counted as an additional Project. AnaptysBio may perform some Project activities through one or more subcontractors, provided that AnaptysBio shall at all times be fully responsible for the compliance of its subcontractors with this Agreement. Promptly following AnaptysBio's completion of its responsibilities under each Research Plan, AnaptysBio shall:

(a) deliver to Client the Antibodies generated and characterized in the course of the performance of the applicable Project that meet the Project Goals; [*]; and

(b) provide a written report to Client setting forth, for each Delivered Antibody from such Project, [*].

For the avoidance of doubt, AnaptysBio shall have no obligation: (A) to generate or characterize Antibodies other than as expressly set forth in the Research Plans; (B) to deliver to Client any Antibodies other than as expressly set forth in Section 2.3(a); (C) to disclose to Client any Results with respect to any Antibody other than the Delivered Antibody Information with respect to the Delivered Antibodies; or (D) to disclose to Client any Information regarding the AnaptysBio Platform.

2.4 Client Evaluation of Delivered Antibodies.

(a) Evaluation. Commencing upon Client's receipt of the Delivered Antibodies and Delivered Antibody Information from each Project and for a period of [*] thereafter, or such extended time period as may mutually agreed by the parties (the "***Evaluation Period***"), Client will [*]. Client may conduct the Evaluation either directly or indirectly through its Affiliate(s), agent(s), consultant(s) and/or subcontractor(s), provided that Client shall at all times be fully responsible for the compliance of its Affiliate(s), agent(s), consultant(s) and/or subcontractor(s) with this Agreement and, prior to providing any Delivered Antibody or Delivered Antibody Information to any agent, consultant or subcontractor, shall obtain the written agreement of such agent, consultant or subcontractor to be bound by clauses (ii) and (iii)

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of Section 2.5(a). Unless Client notifies AnaptysBio in writing on or before the end of the Evaluation Period for a Project that Client in good faith believes that [*]. In addition, regardless of whether or not Client has completed any or all Evaluation activities by the end of the Evaluation Period for a Project, Client shall not have the right to deliver a notice to AnaptysBio that the Project Goals for such Project have not been met unless Client has generated data during such Evaluation Period, through performance of Evaluation activities, to support its contention that none of such Delivered Antibodies meets the Project Goals. If Client notifies AnaptysBio in writing by the end of the Evaluation Period for a Project that Client in good faith believes that [*].

(b) Independent Laboratory Determination. If Client notifies AnaptysBio in writing by the end of the Evaluation Period for a Project that Client in good faith believes that [*] of the Delivered Antibodies] from such Project do not meet the Project Goals, and AnaptysBio in good faith does not agree that [*] of the Delivered Antibodies from such Project do not meet the Project Goals, then [*]. The parties will initially share the costs of the independent laboratory's analysis on an equal basis in accordance with a pre-agreed budget and maximum cost for such activities, but the party in whose favor the independent laboratory rules shall be entitled to have its share of such costs reimbursed by the other party promptly following such determination.

2.5 Use of Delivered Antibodies, Information and Results.

(a) Prior to Success Fee Due Date. On a Project-by-Project basis, until the Success Fee Due Date for a Project (or, if this Agreement is earlier terminated in accordance with Article 7, until such termination), except as expressly set forth in Sections 2.5(b) and 2.5(c):

(i) AnaptysBio shall solely own all rights in the Delivered Antibodies and Delivered Antibody Information resulting from such Project and associated Results;

(ii) each party shall treat such Delivered Antibodies and Delivered Antibody Information as Confidential Information of the other party in accordance with Article 5;

(iii) Client covenants that: (1) except as expressly permitted by Section 2.4, it will not conduct or have conducted on its behalf, nor cause or allow any Affiliate or Third Party to conduct, any study of any such Delivered Antibody or related Product; (2) Client will not use any such Delivered Antibody or Delivered Antibody Information for any purpose other than the Evaluation; and (3) except as expressly permitted by Section 2.4, Client will not transfer or disclose, or cause to be transferred or disclosed, any such Delivered Antibody, Delivered Antibody Information, or Results to any Affiliate or to any Third Party; and

(iv) AnaptysBio shall not use any such Delivered Antibody, Delivered Antibody Information or Results for any purpose other than performance of such Project.

(b) Success Fee Timely Paid. On a Project-by-Project basis, if Client pays the Success Fee for a Project in full on or before the applicable Success Fee Due Date (or, if this Agreement is earlier terminated in accordance with Article 7, prior to such termination), then effective upon such payment:

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(i) ownership of the Delivered Antibodies and Delivered Antibody Information from such Project and all associated Results shall be assigned solely to Client pursuant to, and subject to the terms and conditions of, Section 4.1;

(ii) AnaptysBio shall treat such Delivered Antibodies, Delivered Antibody Information and Results as Confidential Information of Client in accordance with Article 5; and

(iii) AnaptysBio shall destroy all Results of such Project (other than the Delivered Antibodies and Delivered Antibody Information) and all Remaining Client Materials from such Project.

(c) Success Fee Not Timely Paid. On a Project-by-Project basis, if Client fails to pay the Success Fee for a Project in full on or before the applicable Success Fee Due Date (or, if this Agreement is earlier terminated in accordance with Article 7, prior to such termination), then effective as of such Success Fee Due Date (or such earlier termination, as applicable):

(i) neither party shall file, or cause to be filed, any Delivered Antibody Patent with respect to any Delivered Antibody Invention from such Project;

(ii) Client and AnaptysBio shall immediately destroy all Delivered Antibodies from such Project and, except as expressly set forth in Section 7.4(b), all associated Delivered Antibody Information and Results, and AnaptysBio shall destroy all Remaining Client Materials from such Project, and, in each case, certify such destruction in writing to the other party;

(iii) the Delivered Antibodies and Delivered Antibody Information from such Project and all associated Results shall be considered Confidential Information of both parties; and

(iv) each of Client and AnaptysBio hereby covenants that it will not (either directly or through any Affiliate or Third Party) develop, make, have made, use, sell, have sold, offer for sale or import any such Delivered Antibody or any Product based thereon, or otherwise exploit the associated Delivered Antibody Information or Results.

2.6 Materials Transfer. In connection with a Project, a party may provide to the other party certain biological or chemical materials, including, but not limited to, Client Materials and Delivered Antibodies (collectively, "***Materials***"). Except as otherwise expressly set forth in this Agreement , all such Materials will remain the sole property of the providing party, will be used only in furtherance of the activities expressly contemplated by this Agreement, will not be used or delivered to or for the benefit of any Third Party (except, in the case of AnaptysBio, in connection with the subcontracting of Project activities in accordance with Section 2.3) without the prior written consent of the providing party, and will be used in compliance with all applicable laws, rules and regulations. The Materials supplied under this Agreement must be used with prudence and appropriate caution in any experimental work because not all of their characteristics may be known. Except as expressly set forth herein, THE MATERIALS ARE PROVIDED "AS IS" AND WITHOUT ANY REPRESENTATION OR

WARRANTY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE OR ANY WARRANTY THAT THE USE OF THE MATERIALS WILL NOT INFRINGE OR VIOLATE ANY PATENT OR OTHER PROPRIETARY RIGHTS OF ANY THIRD PARTY.

3. PAYMENTS.

3.1 Initial Fee. Client shall pay to AnaptysBio a one-time, non-refundable, non-creditable initial fee of six million dollars ($6,000,000) within five (5) business days after the Effective Date.

3.2 Reimbursement for Excluded Costs.

(a) On a Project-by-Project basis Client shall reimburse AnaptysBio for [*] Except as expressly set forth in such Research Plan, AnaptysBio shall issue written, reasonably detailed invoices to Client for such Excluded Costs on a monthly basis, and Client shall pay each such invoice in full within [*] of receipt.

3.3 Success Fee. On a Project-by-Project basis, Client shall pay to AnaptysBio a non-refundable, non-creditable fee of five hundred thousand dollars ($500,000) per Project (the "***Success Fee***") as set forth below:

[*]

3.4 Milestone Payments. Subject to the limitations set forth below, within [*] following the first occurrence of each of the events set forth below with respect to each Product arising from a Project, Client shall provide written notice to AnaptysBio of the occurrence of such event and shall pay to AnaptysBio the corresponding milestone payment set forth below (whether such milestone is achieved by Client, its Affiliate or any of their respective licensees or sublicensees):

Milestone Event	Milestone Payment
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
Total per Product	**[*]**

On a Project-by-Project basis, each of the milestone payments set forth above shall be payable: (a) only once per Product, regardless of the number of times a particular Product achieves any milestone set forth above; and (b) only two times per Project, for the first two Products to achieve any milestone set forth above, regardless of the number of Products from such Project that achieve the milestones set forth above; such that the maximum amount payable

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under this Section 3.4 for each Project shall be fifty-three million dollars ($53,000,000). With respect to any particular milestone event set forth above, from and after such time as the corresponding milestone payment has been paid for two Products arising from a Project, Client shall have no further obligation to notify AnaptysBio of the achievement of such milestone event by any other Product arising from such Project or to pay any additional milestone payment for any such achievement. For purposes of the foregoing milestones, "initiation" of a clinical trial shall mean [*]. Each of the foregoing milestone payments shall be payable only one time for the first and second Product arising from a Project and shall not be payable on any additional Products arising from the Project.

3.5 Royalties. Client shall pay to AnaptysBio a royalty equal to [*] percent [*]% of Net Sales of Products. Royalties under this Section 3.5 shall be payable on a Product-by-Product and country-by-country basis from the First Commercial Sale of a Product in a country until the later of [*] (the "***Royalty Term***"). In the event Client obtains a license under any issued patent of a Third Party in a country for which license Client is obligated to pay such Third Party a royalty on sales of a Product in such country, then Client may offset [*] percent ([*]%) of the royalties actually paid to such Third Party under such patent license with respect to sales of such Product in such country against the royalties due AnaptysBio under this Agreement with respect to Net Sales of such Product in such country, provided that in no event shall the effective royalty rate applicable to Net Sales of such Product in such country hereunder be reduced below [*]% as a result of all such offsets in the aggregate. For the avoidance of doubt, royalties shall be payable only once with respect to the same unit of Product. On a Product-by-Product and country-by-country basis, upon expiration of the Royalty Term for a Product in a country, Client's licenses and rights hereunder with respect to such Product in such country shall continue in effect, but become fully paid-up, royalty-free, transferable, perpetual and irrevocable.

3.6 Applicability of Payment Obligations. Client acknowledges and agrees that all milestone and royalty payment obligations as set forth in Sections 3.4 and 3.5 shall apply notwithstanding the sale, license, transfer or other disposition by Client of any of its rights with respect to any Delivered Antibody, Product, Delivered Antibody Information or Delivered Antibody Patent. Moreover, Client shall at all times be and remain liable for any and all fees and payments that may become due hereunder with respect to any Delivered Antibody or Product, regardless of whether Client has sold, licensed, transferred or otherwise disposed of any of its rights with respect to such Delivered Antibody or Product or any Delivered Antibody Information or Delivered Antibody Patent to any Affiliate or Third Party. Prior to selling, licensing, transferring or otherwise disposing of any of Client's rights with respect to any Delivered Antibody, Product, Delivered Antibody Information or Delivered Antibody Patent to any Affiliate or Third Party, Client shall obtain the written agreement of such Affiliate or Third Party, for the benefit of AnaptysBio, to be bound by Sections 3.4 through 3.12 of this Agreement to the same extent as Client, and Client shall provide prompt written notice of any such sale, license, transfer or other disposition to AnaptysBio, including the identity of the applicable Delivered Antibody(ies), Product(s), Delivered Antibody Information and/or Delivered Antibody Patent and the identity of the purchaser, licensee, transferee or other recipient thereof. Client shall ensure that any such transfer arrangement is consistent with the terms of this Agreement.

3.7 Third Party Patents. Except as expressly set forth in Section 4.3(b), Client shall be solely responsible for obtaining such licenses under Third Party patent or other intellectual

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property rights as Client determines are necessary or desirable for the manufacture, use, sale, offer for sale or import of Delivered Antibodies or Products, at Client's sole expense.

3.8 Payment; Reports. Royalties shall be calculated and reported for each calendar quarter and shall be paid within [*] after the end of each calendar quarter. Each payment shall be accompanied by a report of [*].

3.9 Exchange Rate; Manner and Place of Payment. All payments hereunder shall be payable in U.S. dollars and shall be made by electronic funds transfer in immediately available funds to a bank and account designated in writing by AnaptysBio, unless otherwise specified in writing by AnaptysBio. When conversion of payments from any foreign currency is required, such conversion shall be made at the rate of exchange used by Client throughout its accounting system for the applicable calendar quarter.

3.10 Income Tax Withholding. AnaptysBio will pay any and all taxes levied on account of any payments made to it under this Agreement. If any taxes are required to be withheld by Client, Client will (a) deduct such taxes from the payment made to AnaptysBio, (b) timely pay the taxes to the proper taxing authority, (c) send proof of payment to AnaptysBio (and, if such tax authority provides a receipt for such payment to Client, a copy of such receipt), and (d) reasonably assist AnaptysBio in its efforts to obtain a credit for or refund of such tax payment.

3.11 Records and Audit Rights. During the Term and for a period of [*] years thereafter, Client shall keep (and shall cause its Affiliates, licensees and sublicensees to keep) complete and accurate records pertaining to the sale or other disposition of Products in sufficient detail to permit AnaptysBio to confirm the accuracy of all royalty payments due hereunder. AnaptysBio shall have the right to cause an independent, certified public accountant reasonably acceptable to Client to audit such records to confirm Net Sales and royalty payments for a period covering not more than the preceding [*] full calendar years. Such audits may be exercised during normal business hours upon reasonable prior written notice to Client. All information received or learned in connection with such audit shall be Confidential Information of Client and shall be subject to Article 5, provided that AnaptysBio may use and disclose such information to the extent necessary to prepare its financial statements. Prompt adjustments shall be made by the parties to reflect the results of such audit. AnaptysBio shall bear the full cost of such audit unless such audit discloses an underpayment by Client of more than [*]% of the amount due under this Agreement, in which case, Client shall bear the full cost of such audit and shall promptly remit to AnaptysBio the amount of any underpayment.

3.12 Late Payments. In the event that any payment due under this Agreement is not made when due, the payment shall accrue interest from the date due at the rate of [*]% per month (or, if lower, the maximum legal annual interest rate). The payment of such interest shall not limit AnaptysBio from exercising any other rights it may have as a consequence of the lateness of any payment.

4. INTELLECTUAL PROPERTY RIGHTS.

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4.1 Delivered Antibodies. Subject to the terms and conditions of this Agreement, on a Project-by-Project basis, and effective only upon payment in full of the Success Fee for a Project on or before the applicable Success Fee Due Date (or, if this Agreement is earlier terminated in accordance with Article 7, prior to such termination), AnaptysBio hereby assigns to Client all right, title and interest of AnaptysBio in and to the Delivered Antibodies and Delivered Antibody Information from such Project, and the Results of the Evaluation thereof, including all intellectual property rights in any of the foregoing. Client acknowledges and agrees that, notwithstanding any assignment by AnaptysBio to Client of any Delivered Antibody, Delivered Antibody Information and/or any Results of the Evaluation, or any further assignment, license or transfer by Client to any Affiliate or Third Party of any rights in any Delivered Antibody, Product, Delivered Antibody Information and/or Results of the Evaluation, all Delivered Antibodies and Products shall be and remain subject to the milestone and royalty payment obligations set forth in Sections 3.4 and 3.5, respectively.

4.2 AnaptysBio Technology. AnaptysBio shall at all times be and remain the sole and exclusive owner of the AnaptysBio Technology and shall have no obligation to deliver, make available or disclose to Client any AnaptysBio Technology. AnaptysBio shall be free, in its sole discretion, to seek patent or other intellectual property protection of AnaptysBio Technology. Except as expressly set forth in Section 4.3, nothing in this Agreement shall be construed as granting to Client any right or license in any AnaptysBio Technology or any other intellectual property rights of AnaptysBio.

4.3 Freedom to Operate.

(a) Subject AnaptysBio Patents. Subject to the terms and conditions of this Agreement (including Sections 3.4 and 3.5 above and Section 4.3(b) below), on a Project-by-Project basis, to the extent necessary, and effective only upon the effectiveness of the assignment set forth in Section 4.1 for a Project, AnaptysBio shall, and it hereby does, grant to Client a non-exclusive, worldwide, royalty-bearing license under the Subject AnaptysBio Patents associated with a particular Delivered Antibody from such Project, solely to make, have made, use, sell, have sold, offer for sale, and import such Delivered Antibody and related Products for all uses and purposes. The foregoing license will include the right to sublicense solely in conjunction with the grant by Client to a Third Party of a license to make, have made, use, sell, have sold, offer for sale, or import a Product based on such Delivered Antibody. For the avoidance of doubt, the license granted pursuant to this Section 4.3(a) excludes (i) the right to use any AnaptysBio Technology for the purpose of modifying any Antibody (including, without limitation, any Delivered Antibody), and (ii) the right to make, have made, use, sell, have sold, offer for sale, or import any Antibody other than a Delivered Antibody that has been assigned to Client pursuant to Section 4.1 and its related Products.

(b) In-Licensed Patents. With regard to any Subject AnaptysBio Patent licensed to Client pursuant to Section 4.3(a) that is licensed to AnaptysBio by [*]. Subject to mutual execution by the parties of a sublicense agreement with respect to an In-Licensed Patent, AnaptysBio shall be responsible for any payments that may be due to Licensor(s) as a result of Client's practice of the invention(s) claimed by such In-Licensed Patent within the scope of such sublicense.

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4.4 Patents.

(a) Delivered Antibody Patents. Subject to the terms and conditions of this Agreement, on a Project-by-Project basis and effective only upon effectiveness of the assignment set forth in Section 4.1 for a Project, Client shall have the exclusive right, in its sole discretion and at its own expense, to file and prosecute any patent applications, and to maintain, defend and enforce any resulting patents, claiming or disclosing any Delivered Antibody or Delivered Antibody Information from such Project, any associated Product, or any method of making or using any of the foregoing (collectively, "***Delivered Antibody Inventions***"). [*]

(b) Joint Patents. For the avoidance of doubt, the parties do not anticipate that there will be any Joint Inventions, as they anticipate that inventions and information resulting from activities under this Agreement are most likely to fall within the scope of AnaptysBio Technology, Client Technology or Delivered Antibody Inventions. However, in the event that any Joint Invention is made, the parties shall mutually agree, on a case-by-case basis, [*]

4.5 Cooperation. The parties shall cooperate in good faith to accomplish the intent of Sections 4.1 and 4.4 and to enable each party to exercise its rights and perform its responsibilities under such Sections, including the execution of all such documents and instruments and the performance of such acts (and causing its relevant employees to execute such documents and instruments and to perform such acts) as may be reasonably necessary in order to permit each party to exercise such rights and perform such obligations.

4.6 No Implied Licenses. No right or license under any Information or intellectual property right of either party is granted or shall be granted by implication hereunder. All such rights or licenses are or shall be granted only as expressly provided in this Agreement.

5. PROTECTION OF CONFIDENTIAL INFORMATION.

5.1 Confidentiality. Except to the extent expressly authorized by this Agreement or otherwise agreed in writing by the parties, the parties agree that a party (referred to as the "receiving party' shall keep confidential and shall not publish or otherwise disclose and shall not use for any purpose other than as expressly provided for in this Agreement any Confidential Information of the other party. Each party may use the other party's Confidential Information only to the extent required to accomplish the purposes of this Agreement. Each party may disclose Confidential Information of the other party to those of such party's employees, directors, contractors and consultants who have a need for such information, provided that such party shall advise such employees, directors, contractors and consultants of the confidential nature thereof, shall insure that each such employee, director, contractor or consultant is bound by obligations of confidentiality at least as stringent as those contained in this Agreement and shall be responsible for the compliance of its employees, directors, contractors and consultants with the terms of this Agreement. Each party will use at least the same standard of care as it uses to protect proprietary or confidential information of its own (but in no event less than reasonable care) to ensure that its employees, directors, contractors and consultants do not disclose or make any unauthorized use of the other party's Confidential Information. Each party will promptly

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notify the other upon discovery of any unauthorized use or disclosure of the other party's Confidential Information.

5.2 Exceptions. Confidential Information shall not include any information that the receiving party can prove by competent evidence: (a) was already known to the receiving party prior to receipt from the other party other than as a result of performance of a Project; (b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving party; (c) became generally available to the public or otherwise part of the public domain after its disclosure, other than through any act or omission of the receiving party in breach of this Agreement; (d) was disclosed to the receiving party, other than under an obligation of confidentiality, by a Third Party with the lawful right to make such disclosure; or (e) was independently discovered or developed by the receiving party without access to and without the aid, use or application of any Confidential Information disclosed or made available to the receiving party by the other party.

5.3 Authorized Disclosure. Notwithstanding Section 5.1, a party may disclose Confidential Information of the other party, without violating its obligations under this Agreement, to the extent the disclosure is necessary in the following instances:

(a) filing or prosecuting patent applications as permitted by this Agreement;

(b) prosecuting or defending litigation as permitted by this Agreement;

(c) exercising rights expressly granted to such party hereunder;

(d) enforcing the provisions of this Agreement; or

(e) complying with a valid order of a court or other governmental body having jurisdiction or with applicable law; provided that, if legally permissible and to the extent practicable under the circumstances, such party gives reasonable prior written notice to the other party of such required disclosure and, at the other party's request and expense, cooperates with the other party's efforts to contest such required disclosure, and/or to obtain a protective order preventing or limiting the disclosure and/or requiring that the Confidential Information so disclosed be used only for the purposes for which the law or regulation requires, or for which the order was issued, and/or to obtain other confidential treatment of such information.

5.4 Use of Names; Blinded Data. Neither party shall use the other party's name or trademarks in any advertising, sales, or promotional material or in any publication without the prior written consent of the other party. Notwithstanding the preceding sentence or any other provision of this Article 5, the parties agree that for the purposes of promoting or otherwise highlighting the advantages of the AnaptysBio Technology, AnaptysBio may publish (or cause to be published) or otherwise disclose (or cause to be disclosed) to Third Parties, blinded data relating to Results, Delivered Antibodies and/or Delivered Antibody Information (such data to be limited to the number of projects, the types of projects, number and diversity of Antibodies generated or matured, binding affinity of Antibodies generated or matured, functional assay data, and number and types of mutations observed), at any time during or subsequent to the Term, provided that neither Client nor any Client Target, Client Antibody or Delivered Antibody shall be identified, directly or indirectly, in connection therewith.

5.5 Confidentiality of this Agreement. This Agreement and its terms are considered Confidential Information of both parties, and each party shall keep confidential and shall not publish or otherwise disclose this Agreement or its terms without the prior written consent of the other party, except as expressly permitted by Section 5.3, Section 5.4 or Section 5.6, and except that AnaptysBio may disclose this Agreement and its terms to actual or potential investors, strategic partners, acquirers and merger candidates on a confidential basis.

5.6 Publicity. Except as required by judicial order or applicable law, neither party shall make any public announcement concerning this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, from and after such time as Client begins publicly disclosing or discussing Client's interest and/or efforts in the development of antibodies, AnaptysBio may issue one or more press releases concerning, or otherwise publicly disclose or discuss, the existence of this Agreement and/or the achievement of significant development and regulatory milestones by Products arising from this Agreement, after good faith consultation between the parties with respect to the text and timing of any such press release (or content and timing of any such other public disclosure or discussion) and subject to Client's prior approval, which shall not be unreasonably withheld.

6. REPRESENTATIONS AND WARRANTIES; DISCLAIMER; LIMITATION OF LIABILITY.

6.1 Mutual Representations and Warranties. Each party represents and warrants to the other that: (a) it is duly organized and validly existing under the laws of its jurisdiction of incorporation or formation, and has full corporate or other power and authority to enter into this Agreement and to carry out the provisions hereof; (b) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder; and (c) this Agreement is legally binding upon it, enforceable in accordance with its terms, and does not conflict with any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound.

6.2 Limited Services Warranty. AnaptysBio's sole warranty with respect to each Project is that AnaptysBio will perform such Project with due care and in accordance with applicable laws and regulations (including, without limitation, laws and regulations relating to health, safety and the environment, fair labor practices, unlawful discrimination and animal welfare), (b) the terms and conditions contained herein and (c) generally prevailing industry standards.

6.3 Disclaimer. Except as expressly set forth herein, EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES, OR ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICES. Without limiting the generality of the foregoing, Client acknowledges and• agrees that AnaptysBio does not make, and that AnaptysBio hereby disclaims, any representation or warranty (a) that the Project Goals will be achieved by any Antibody generated in the course of any Project, (b) as to the safety or usefulness for any purpose of the AnaptysBio Technology or any Delivered Antibody, Delivered Antibody Information or other Results, or (c) that any Delivered Antibody, Product, Delivered

Antibody Information or other Results will be acceptable to any regulatory governmental agency to which they are presented or that Client will be able to market or otherwise exploit any Delivered Antibody or Product.

6.4 Limitation of Liability. EXCEPT FOR LIABILITY FOR BREACH OF SECTION 4.1, 4.3 OR 4.4, OR ARTICLE 5 HEREOF, IN NO EVENT SHALL EITHER PARTY BE ENTITLED TO RECOVER FROM THE OTHER PARTY ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS AND THE COST OF PROCUREMENT OF SUBSTITUTE GOODS, TECHNOLOGY OR SERVICES, IN CONNECTION WITH THIS AGREEMENT, EVEN IF THE OTHER PARTY HAD NOTICE OF THE POSSIBILITY OF SUCH DAMAGES; provided, however, that the foregoing shall not be construed to limit either party's indemnification obligations under Article 8. [*]

7. TERMINATION.

7.1 Term. The term of this Agreement (the "***Term***") shall commence on the Effective Date and, subject to earlier termination of this Agreement in accordance with this Article 7, shall continue until:

(a) the Success Fee Due Date for the last Project initiated during the Research Period, unless Client has timely paid the Success Fee for at least one Project on or before the Success Fee Due Date for such last Project; or

(b) if Client pays the Success Fee for at least one Project on or before the applicable Success Fee Due Date, the expiration of the last-to-expire of all Royalty Terms with respect to all Products associated with any Project for which Client obtained the assignment set forth in Section 4.1.

7.2 Termination of Agreement for Material Breach. Each party shall have the right to terminate this Agreement upon 60 days' prior written notice to the other party upon or after the material breach of any provision of this Agreement by the other party if the breaching party has not cured such breach by the end of such 60-day period.

7.3 Termination by Client At Will. Client shall have the right, at any time prior to delivery to Client of the Delivered Antibodies and Delivered Antibody Information pursuant to Section 2.3 and in its sole discretion, to terminate this Agreement upon 30 days' prior written notice to AnaptysBio.

7.4 Disposal of Materials and Information. In the event of expiration or any termination of this Agreement:

(a) each party shall return to the other party all Materials of the other party remaining in such party's possession promptly following such expiration or termination, except as expressly provided in Section 7.5 (including any surviving sections of this Agreement referenced therein); provided that AnaptysBio shall destroy all Remaining Materials;

(b) each party shall return to the other party all Confidential Information of the other party (including all copies thereof) in such party's possession; provided, however, that each party may retain one copy of the other party's Confidential Information in such party's secure archives for the sole purpose of monitoring compliance with its obligations hereunder; and provided, further, that a party may retain such Confidential Information of the other party as is necessary or useful for the exercise or enforcement of any of its rights under this Agreement that survive such expiration or termination pursuant to the applicable provisions of Section 7.5; and

(c) each party covenants that, from and after such expiration or termination, it will not use any Confidential Information of the other party for any purpose whatsoever, except as expressly set forth in Section 7.5 (including any surviving sections of this Agreement referenced therein).

7.5 Consequences of Termination or Expiration.

(a) Project Goals Not Achieved; Success Fee Not Paid. On a Project-by-Project basis, in the event of any termination or expiration of this Agreement, if the Project Goals for a Project were not met prior to such termination or expiration, and Client did not pay the Success Fee for such Project in full to AnaptysBio on or before the applicable Success Fee Due Date (or, if earlier, prior to termination or expiration of this Agreement), then: (i) Sections 4.1, 4.3 and 4.4(a) shall terminate with respect to such Project and be of no further force or effect; and (ii) clauses (i) through (iv) of Section 2.5(c) shall become effective with respect to such Project and survive such termination or expiration.

(b) Success Fee Paid. On a Project-by-Project basis, in the event of any termination or expiration of this Agreement, if Client paid the Success Fee for a Project in full on or before the Success Fee Due Date and prior to such termination or expiration, Sections 2.5(b), 4.1, 4.3 and 4.4(a) shall survive such termination or expiration with respect to such Project in accordance with their respective terms, subject to Client's continued compliance with all applicable terms and conditions of this Agreement, including, without limitation, Sections 3.4 through 3.12 (which shall survive such termination).

(c) General. Except as expressly set forth in Section 7.4, 7.5(a) or 7.5(b), or below in this Section 7.5(c), upon expiration or any termination of this Agreement, all rights and obligations of the parties under this Agreement shall terminate and be of no further force or effect. The expiration or termination of this Agreement for any reason shall not release either party from any liability or obligation that, at the time of such expiration or termination, has already accrued to the other party or that is attributable to a period prior to such expiration or termination, nor will expiration or any termination of this Agreement preclude either party from pursuing all rights and remedies it may have under this Agreement , or at law or in equity, with respect to breach of this Agreement. In the event of expiration or any termination of this Agreement (and in addition to any provisions of this Agreement that survive pursuant to the preceding provisions of this Section 7.5), the following provisions of this Agreement shall survive such expiration or termination in accordance with their respective terms and conditions: Sections 2.6 (last sentence only), 3.11, 3.12, 4.2, 4.4(b), 4.5 (solely as it applies to Joint Patents), 4.6, 6.3, 6.4, 7.4 and 7.5, and Articles 5, 8 and 9.

8. INDEMNIFICATION.

8.1 By Client. Client hereby agrees to save, defend, indemnify and hold harmless AnaptysBio and its officers, directors, employees, consultants and agents (each, an "***AnaptysBio Indemnitee***") from and against any and all losses, damages, liabilities, expenses and costs, including reasonable legal expense and attorneys' fees (collectively, "***Losses***"), to which any AnaptysBio Indemnitee may become subject as a result of any claim, demand, action or other proceeding by any Third Party to the extent such Losses arise directly or indirectly out of (a) the use of Client Materials or Client Information in performance of a Project, (b) the development , manufacture, use, handling, storage, sale or other disposition of any Delivered Antibody or Product or use of any Delivered Antibody Information by or on behalf of Client or any Affiliate or Third Party to whom Client sells, licenses, transfers or disposes of its rights therein, (c) the negligence or willful misconduct of any Client Indemnitee, or (d) the breach by Client of any warranty, representation , covenant or agreement made by Client in this Agreement; except, in each case, to the extent such Losses result from the negligence or willful misconduct of any AnaptysBio Indemnitee or the breach by AnaptysBio of any warranty, representation, covenant or agreement made by AnaptysBio in this Agreement.

8.2 By AnaptysBio. AnaptysBio hereby agrees to save, defend, indemnify and hold harmless Client and its officers, directors, employees, consultants and agents (each, a "***Client Indemnitee***") from and against any and all Losses to which any Client Indemnitee may become subject as a result of any claim, demand, action or other proceeding by any Third Party to the extent such Losses arise directly or indirectly out of (a) the negligence or willful misconduct of any AnaptysBio Indemnitee, or (b) the breach by AnaptysBio of any warranty, representation, covenant or agreement made by AnaptysBio in this Agreement; except, in each case, to the extent such Losses result from the negligence or willful misconduct of any Client Indemnitee or the breach by Client of any warranty, representation, covenant or agreement made by Client in this Agreement.

8.3 Control of Defense. In the event a party seeks indemnification under Section 8.1 or Section 8.2, it shall inform the other party (the "***Indemnifying Party***") of a claim as soon as reasonably practicable after it receives notice of the claim, shall permit the Indemnifying Party to assume direction and control of the defense of the claim (including the right to settle the claim solely for monetary consideration with no admission of fault) at the Indemnifying Party's expense, and shall cooperate as requested (at the expense of the Indemnifying Party) in the defense of the claim.

9. MISCELLANEOUS.

9.1 Independent Contractor Relationship. AnaptysBio's relationship with Client is that of an independent contractor, and nothing in this Agreement should be construed to create a partnership, joint venture, or employer-employee relationship. Neither party is an agent of the other party or authorized to make any representation, contract, or commitment on behalf of the other party.

9.2 Entire Agreement; Amendment. This Agreement, together with all Exhibits attached hereto, constitutes the final, complete and exclusive agreement of the parties with

respect to the subject matter hereof and supersedes all prior and contemporaneous understandings and agreements relating to its subject matter, including, without limitation, that certain Mutual Confidentiality Agreement between the parties dated May 11, 2011 (the "***CDA***"); provided, however, that all "Confidential Information," as such term is defined in the CDA, that was disclosed by a party to the other party pursuant to the CDA shall be deemed Confidential Information of such party for purposes of this Agreement. This Agreement (including its Exhibits) may not be changed, modified, amended or supplemented except by a written instrument signed by both parties.

9.3 Non-Waiver. The failure of a party to insist upon strict performance of any provision of this Agreement or to exercise any right arising out of this Agreement shall neither impair that provision or right nor constitute a waiver of that provision or right, in whole or in part, in that instance or in any other instance. Any waiver by a party of a particular provision or right shall be in writing, shall be as to a particular matter and, if applicable, for a particular period of time and shall be signed by such party.

9.4 Severability. If any provision of this Agreement should be held invalid or unenforceable, the remaining provisions shall be unaffected and shall remain in full force and effect, to the extent consistent with the intent of the parties as evidenced by this Agreement as a whole.

9.5 Assignment. Neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the prior written consent of the other party (which consent shall not be unreasonably withheld); provided, however, that either party may assign this Agreement and its rights and obligations hereunder without the other party's consent to an Affiliate of the assigning party or in connection with the transfer or sale of all or substantially all of the business of such party to which this Agreement relates to a Third Party, whether by merger, sale of stock, sale of assets or otherwise, provided that in the event of any such transaction involving AnaptysBio (whether this Agreement is actually assigned or is assumed by the acquiring party by operation of law (e.g., in the context of a reverse triangular merger)), intellectual property rights of the acquiring party to such transaction (if other than AnaptysBio) shall not be included in the technology subject to this Agreement. The rights and obligations of the parties under this Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties, and the name of a party appearing herein will be deemed to include the name of such party's successors and permitted assigns to the extent necessary to carry out the intent of this section. Any assignment not in accordance with this Agreement shall be void.

9.6 Governing Law. This Agreement shall be governed by the laws of the State of California, excluding its conflict of laws principles.

9.7 Force Majeure. Except for the obligation to make payment when due, each party shall be excused from liability for the failure or delay in performance of any obligation under this Agreement by reason of any event beyond such party's reasonable control including but not limited to Acts of God, fire, flood, explosion, earthquake, or other natural forces, war, civil unrest, acts of terrorism, accident, destruction or other casualty, any lack or failure of transportation facilities, any lack or failure of supply of raw materials, any strike or labor

disturbance, or any other event similar to those enumerated above. Such excuse from liability shall be effective only to the extent and duration of the event(s) causing the failure or delay in performance and provided that the party has not caused such event(s) to occur. All delivery dates under this Agreement that have been affected by force majeure shall be tolled for the duration of such force majeure.

9.8 Notices. Any notice to be given under this Agreement must be in writing and delivered either in person, by any method of mail (postage prepaid) requiring return receipt, by overnight courier, or by facsimile, to the party to be notified at its address(es) given below, or at any address such party has previously designated by prior written notice to the other. Notice shall be deemed sufficiently given for all purposes upon the earlier of: (a) the date of actual receipt; or (b) if mailed, three calendar days after the date of postmark.

If to AnaptysBio: AnaptysBio, Inc.
10421 Pacific Center Court, Suite 200
San Diego, CA 92121
Attn: Chief Executive Officer
Fax: (858) 228-9642

If to Client: Celgene Corporation
86 Morris Avenue
Summit, NJ 07901
Attn: George S. Golumbeski
Fax: (908) 673-2769

with a copy to: Celgene Corporation
86 Morris Avenue
Summit, NJ 07901
Attn: Legal Department
Fax: (908) 673-2771

9.9 Interpretation. The headings of clauses contained in this Agreement preceding the text of the sections, subsections and paragraphs hereof are inserted solely for convenience and ease of reference only and shall not constitute any part of this Agreement, or have any effect on its interpretation or construction. All references in this Agreement to the singular shall include the plural where applicable. Unless otherwise specified, references in this Agreement to any Article shall include all Sections, subsections and paragraphs in such Article, references to any Section shall include all subsections and paragraphs in such Section, and references in this Agreement to any subsection shall include all paragraphs in such subsection. Ambiguities and uncertainties in this Agreement, if any, shall not be interpreted against either party, irrespective of which party may be deemed to have caused the ambiguity or uncertainty to exist. This Agreement has been prepared in the English language, and the English language shall control its interpretation. In addition, all notices required or permitted to be given hereunder, and all written, electronic, oral or other communications between the parties regarding this Agreement, shall be in the English language.

9.10 Counterparts. This Agreement may be executed in counterparts, including by transmission of facsimile or PDF copies of signature pages, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this ANTIBODY GENERATION AGREEMENT on the Effective Date.

ANAPTYSBIO, INC.

By: /s/ Hamza Suria
Name: Hamza Suria
Title: Acting CEO

CELGENE CORPORATION

By: /s/ G.S. Golumberski
Name: G.S. Golumberski
Title: SVP Business Development

CELGENE CORPORATION

By: /s/ Robert J. Hugin
Name: Robert J. Hugin
Title: Chief Executive Officer

EXHIBIT A

Research Plan

[*]

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EXHIBIT B

Steering Committee

(a) **Steering Committee**. A steering committee (hereinafter the "Steering Committee") shall be formed within [*] after the Effective Date. The duties of the Steering Committee shall include:

[*]

(b) **Steering Committee Composition**. The Steering Committee shall be comprised of [*] representatives from each Party. The Steering Committee representatives from each party shall be designated by such party upon written notice to the other party, and each party can change its designated representatives from time to time upon written notice to the other party.

(c) **Steering Committee Meetings**. The Steering Committee shall meet [*] and meetings may be conducted by telephone, electronic mail, facsimile, video conference or in person. Up to [*] additional employees of each party may attend the Steering Committee meetings as non-voting observers. The Steering Committee shall be chaired by one of the representatives [*] (the "Chairperson"). The Chairperson shall prepare written minutes of each Steering Committee meeting and a written record of all Steering Committee decisions made during such meetings.

(d) **Quorum; Required Vote**. No Steering Committee meeting may be conducted unless at least [*] Steering Committee member from each party is participating. For the purposes of any approval or action taken by the Steering Committee, all decisions of the Steering Committee initially will be taken [*].

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EXHIBIT 10.11

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

COLLABORATION AND EXCLUSIVE LICENSE AGREEMENT

This COLLABORATION AND EXCLUSIVE LICENSE AGREEMENT (the "**Agreement**"), effective as of March 10 , 2014 (the "**Effective Date**"), is made by and between (i) **AnaptysBio, Inc.**, a Delaware corporation, having a place of business at 10421 Pacific Center Court, Suite 200, San Diego, California 92121 ("**AnaptysBio**"), and (ii) **TESARO, Inc.**, a Delaware corporation, having a place of business at 1000 Winter Street, Suite 3300, Waltham, Massachusetts 02541 ("**TESARO US**") and **TESARO Development, Ltd.**, a Bermuda corporation, having its principal office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (together with TESARO US, "TESARO").

BACKGROUND

A. AnaptysBio has skills, expertise and proprietary technology for the discovery, generation and optimization of immunotherapy antibodies.

B. AnaptysBio is developing therapeutic antibodies against immune checkpoint proteins for use in the treatment of cancer and related conditions.

C. TESARO possesses expertise in the research, development, manufacturing and commercialization of treatments for cancer and related conditions.

D. TESARO and AnaptysBio desire to enter a collaboration wherein AnaptysBio will perform certain discovery and early development of therapeutic antibodies against immune checkpoint proteins, with the goal of generating immunotherapy antibodies to such targets for subsequent preclinical, clinical, regulatory and commercial development by TESARO.

NOW, THEREFORE, for and in consideration of the covenants, conditions and undertakings hereinafter set forth, it is agreed by and between the Parties as follows:

1. DEFINITIONS

As used herein, the following terms will have the meanings set forth below:

1.1. "**Affiliate**" shall mean any corporation or other entity, whether de jure or de facto, which is directly or indirectly controlling, controlled by or under common control of a Party hereto for so long as such control exists. For the purposes of this Section 1.1, "control" shall mean the direct or indirect ownership of at least fifty percent (50%) of the outstanding shares or other voting rights of the subject entity having the power to vote, or if not meeting the preceding,

the maximum voting right that may be held by the particular Party under the laws of the country where such entity exists, or the power to otherwise direct the affairs of the entity.

1.2. "**AnaptysBio IP Rights**" shall mean, collectively, the AnaptysBio Patents and the AnaptysBio Know-How.

1.3. "**AnaptysBio Know-How**" shall mean all trade secret and other proprietary know- how rights in and to all data, information, compositions and other technology (including, but not limited to, formulae, procedures, protocols, techniques and results of experimentation and testing) which are necessary or useful for TESARO to make, use, develop, sell or seek regulatory approval to market a Product, or to practice any method or process, and which (a) AnaptysBio discloses or makes available to TESARO under this Agreement, or (b) are within the Control of AnaptysBio. AnaptysBio Know-How shall exclude the AnaptysBio Platform.

1.4. "**AnaptysBio Patents**" shall mean all Patents owned or Controlled by AnaptysBio to the extent claiming the manufacture, composition or use of the Development Antibodies. AnaptysBio Patents shall exclude Patents included within the AnaptysBio Platform.

1.5. "**AnaptysBio Platform**" shall mean: (a) all know-how, trade secrets, data, inventions, proprietary software, works of authorship, designs, techniques, methods, processes, formulations, structure and other information relating to compounds, compositions, specifications, reagents, ideas and information relating to AnaptysBio's proprietary technology that is, in each case, generally applicable to the discovery, modification, optimization and/or humanization of antibodies and/or other proteins, and/or nucleic acids relating thereto (including, without limitation, the expression, manufacture and formulation of any of the foregoing); and (b) all patent and other intellectual property rights in any of the foregoing; provided, that the AnaptysBio Platform shall not include any Patents covering the composition of matter, in whole or in part, of any Development Antibody or the Patents set forth on Schedule 12.2(i). Without limiting the generality of the foregoing, AnaptysBio Platform shall include any such information generated, discovered or developed in whole or in part by employees or agents of AnaptysBio in performing any Discovery Program, or otherwise generated, discovered or developed in whole or in part by employees or agents of AnaptysBio during the term of this Agreement; in each case, to the extent any of the foregoing: (i) relate to the AnaptysBio Platform, improvements to the AnaptysBio Platform, or the use of the AnaptysBio Platform or any such AnaptysBio Platform improvements; or (ii) are generally applicable to the discovery, modification, optimization or humanization of proteins and nucleic acids (including, without limitation, the expression and manufacture thereof); provided, that the AnaptysBio Platform shall not include any Patents covering the composition of matter, in whole or in part, of any Development Antibody or the Patents set forth on Schedule 12.2(i).

1.6. "**Collaboration IP Rights**" shall mean all Collaboration Patents and Collaboration Know-How.

1.7. "**Collaboration Know-How**" shall mean all proprietary ideas, inventions, data, instructions, processes, formulas, expert opinions and information, including, without limitation, biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data and information developed solely or

jointly by AnaptysBio and/or TESARO during and in connection with the Discovery Program, or by or for TESARO, its Affiliate or sublicensees in connection with the further development of a Product during and in connection with the Discovery Program. Collaboration Know-How shall exclude the AnaptysBio Platform.

1.8. "**Collaboration Patents**" shall mean all Patents the subject of which are inventions conceived and reduced to practice solely or jointly by AnaptysBio and/or TESARO during and in connection with the Discovery Program, or by or for TESARO, its Affiliate or sublicensees in connection with the further development of a Product during and in connection with the Discovery Program. Collaboration Patents shall exclude the AnaptysBio Platform.

1.9. "**Combination Product**" means a Product that contains a Development Antibody and at least one other therapeutically active product or pharmaceutical ingredient which is not a Development Antibody.

1.10. "**Commercially Reasonable Efforts**" means, with respect to a Party, such efforts that are consistent with the efforts and resources normally used by such Party in the exercise of its reasonable business discretion relating to the research, development and commercialization of a pharmaceutical or biologic product owned by it or to which it has exclusive rights, with similar product characteristics, which is of similar market potential at a similar stage in its development or product life, taking into account issues of patent coverage, safety and efficacy, product profile, the competitiveness of the marketplace, the proprietary position of the compound or product, the regulatory structure involved, the potential or actual profitability of the applicable products (including pricing and reimbursement status achieved or to be achieved), and other relevant factors, including technical, legal, scientific and/or medical factors. For purposes of clarity, Commercially Reasonable Efforts would be determined on a market-by-market and indication- by-indication basis for a particular product and it is anticipated that the level of effort may be different for different markets and may change over time, reflecting changes in the status of the product and the market(s) involved. [*]

1.11. "**Confidential Information**" shall have the meaning set forth in Section 10.1.

1.12. "**Control,**" "**Controls,**" "**Controlled**" or "**Controlling**" shall mean possession of the ability to grant the licenses or sublicenses as provided herein without violating the terms of any agreement or other arrangements with any Third Party.

1.13. "**Development Antibody**" shall mean any antibody that is developed using the AnaptysBio Platform antibody technology under one of the Discovery Programs and is a Target Antagonist. In addition, the antibodies existing as of the Effective Date and identified on Exhibit C attached to the Supplmental Information Package, which Exhibit also sets forth the sequence of such antibodies, shall each be a "Development Antibody" under this Agreement.

1.14. "**Development Programs**" shall mean, collectively, the PD-1 Development Program, TIM-3 Development Program and LAG-3 Development Program, and "**Development Program**" shall mean any of such programs.

1.15. "**Discovery Plan**" shall mean the written research plan governing the joint effort of the Parties in conducting the applicable Discovery Program, which may be amended from

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time to time, in accordance with this Agreement. The initial Discovery Plan for each Discovery Program is attached to the Supplemental Information Package as Exhibits A-1 – A-3.

1.16. "**Discovery Programs**" shall mean, collectively, the PD-1 Discovery Program, TIM-3 Discovery Program and LAG-3 Discovery Program, and "**Discovery Program**" shall mean any of such programs.

1.17. "**Discovery Program Term**" shall mean, with respect to a Discovery Program, the term of such Discovery Program, as provided in Section 2.7 below.

1.18. "**EMA**" shall mean the European Agency for the Evaluation of Medicinal Products of the European Union, or the successor thereto.

1.19. "**FDA**" shall mean the Food and Drug Administration of the United States, or the successor thereto.

1.20. "**Field**" shall mean all uses of Products for any purpose, including the [*].

1.21. "**FTE**" shall mean a full-time person working on the Discovery Program, or in the case of less than a full-time, dedicated person, a full-time, equivalent person year, based upon a total of [*] hours per year of work in connection with a Discovery Program.

1.22. "**GLP Study**" shall mean any in vitro or in vivo study that (i) is required under 21 C.F.R. § 58 to be governed under the principles of good laboratory practice, or (ii) is performed by a GLP vendor.

1.23. "**IND**" shall mean an investigational new drug application filed with the FDA as more fully defined in 21 C.F.R. § 312.3

1.24. "**JSC**" or "**Joint Steering Committee**" shall have the meaning set forth in Section 4.1.

1.25. "**LAG-3**" shall mean lymphocyte-activation gene 3, encoded by the LAG3 gene, also known as CD223.

1.26. "**LAG-3 Development Program**" shall mean the development program to be conducted in accordance with Section 3 for the development of Development Antibodies generated under the LAG-3 Discovery Program.

1.27. "**LAG-3 Discovery Program**" shall mean the discovery program to be conducted in accordance with Section 2 for the development of antibodies directed to antagonize LAG-3, including dual-reactive antibodies that are directed to antagonize both PD-1 and LAG-3.

1.28. "**MAA**" means a Marketing Authorization Application, or similar application for marketing approval of a Product for use in the Field submitted to the EMA.

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1.29. "**NDA**" shall mean a New Drug Application or Biologics License Application, or similar application for marketing approval of a Product for use in the Field submitted to the FDA.

1.30. "**Net Sales**" means, with respect to any Product, the gross invoiced sales price of such Product sold by TESARO, its Affiliates or sublicensees (the "Selling Party"), in arm's- length sales to Third Parties, less deductions allowed to the Third Party customer by the Selling Party, to the extent actually taken by the Third Party customer, on such sales for:

[*]

The maximum allowed for deductions resulting from clauses [*], collectively, shall not exceed [*] percent ([*]) of the total Net Sales.

If a Product is sold as part of a Combination Product, for purposes of determining payments due hereunder, Net Sales of such Product shall be deemed to be an amount equal to the following:

(X divided by Y) multiplied by Z,

where "X" is the average sales price during the applicable reporting period achieved for the relevant Product in the country in which such sale occurred when the Product contains only the Product and no other active pharmaceutical ingredient;

"Y" is the sum of the average sales price during the applicable reporting period achieved in that country (as applicable) of each active pharmaceutical ingredient included in the Combination Product when such compound is sold as a separate product and not as part of a Combination Product; and

"Z" is the single price at which the relevant Combination Product was actually sold.

In the event that no separate sale of either (i) the Product and no other active pharmaceutical ingredient or (ii) the other active pharmaceutical ingredient(s) of the Combination Product are made during the accounting period in which the sale was made or if the price for a particular therapeutically active ingredient or relevant product cannot otherwise be determined for an accounting period, Net Sales allocable to the Product shall be determined by mutual agreement reached in good faith by the Parties prior to the end of the accounting period in question based on an equitable method of determining the same that takes into account, variations in potency, the relative contribution of each therapeutically active ingredient in the Combination Product, and relative value to the end user of each therapeutically active ingredient.

Sales among TESARO and its Affiliates or sublicensees shall be excluded from the computation of Net Sales, and no royalties will be payable on such sales except where such Affiliates or sublicensees are end users; provided, however, in that any subsequent resale to a Third Party shall be included within Net Sales.

Notwithstanding the foregoing, Net Sales shall be calculated and accounted for in accordance with United States generally accepted accounting principles ("GAAP"); provided, that if TESARO should change accounting standards during the term of this Agreement due to a

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merger, acquisition or requirement of applicable laws, then Net Sales hereunder may be calculated and accounted for in accordance with such different set of accounting standards, consistently applied, following such change.

1.31. "**Party**" or "**Parties**" shall mean, respectively, AnaptysBio or TESARO, individually, or AnaptysBio and TESARO, collectively.

1.32. "**Patents**" shall mean (a) all patents and patent applications in any country or supranational jurisdiction in the Territory, and (b) any substitutions, divisions, continuations, continuations-in-part, provisional applications, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like of any such patents or patent applications.

1.33. "**PD-1**" shall mean programmed cell death protein 1, encoded by the PDCD1 gene, also known as CD279.

1.34. "**PD-1 Development Program**" shall mean the development program to be conducted in accordance with Section 3 for the development of Development Antibodies generated under the PD-1 Discovery Program.

1.35. "**PD-1 Discovery Program**" shall mean the discovery program to be conducted in accordance with Section 2 for the development of antibodies directed to antagonize PD-1, including the antibody identified on Exhibit C to the Supplemental Information Package. [*]

1.36. "**Phase II Clinical Trial**" shall mean a human clinical trial in any country that is intended to initially evaluate the effectiveness of a Product for a particular indication or indications in patients with the disease or indication under study and would satisfy requirements of 21 CFR 312.21(b) or its foreign equivalent.

1.37. "**Phase III Clinical Trial**" shall mean a human clinical trial in any country, the results of which could be used to establish safety and efficacy of a Product as a basis for an NDA, and would satisfy requirements of 21 CFR 312.21(c) or its foreign equivalent.

1.38. "**Product**" shall mean any pharmaceutical or biologic product or therapy including one or more Development Antibodies, in whole or in part, as an active ingredient.

1.39. "**Subcontractor**" means a Third Party which a Party has engaged to perform services in connection with such Party fulfilling its obligations and exercising its rights under and pursuant to this Agreement.

1.40. "**Supplemental Information Package**" means the Supplemental Information Package delivered in connection with the execution of this Agreement by the Parties on the Effective Date.

1.41. "**Target(s)**" shall mean LAG-3, PD-1 and TIM-3.

1.42. "**Target Antagonist**" shall mean an antibody that is created against and selected in order to antagonize Target(s), and does anatagonize that Target.

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1.43. "**Territory**" shall mean worldwide.

1.44. "**TESARO Know-How**" shall mean all proprietary ideas, inventions, data, instructions, processes, formulas, expert opinions and information, including, without limitation, biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, clinical, safety, manufacturing and quality control data and information developed by or for TESARO, its Affiliate or sublicensees in connection with the further development of a Product and Controlled by TESARO.

1.45. "**TESARO Patents**" shall mean all Patents Controlled by TESARO the subject of which are inventions conceived and reduced to practice by or for TESARO, its Affiliate or sublicensees in connection with the further development of a Product.

1.46. "**TIM-3**" shall mean the T cell immunoglobulin and mucin protein 3 protein, encoded by the TIM3 gene.

1.47. "**TIM-3 Development Program**" shall mean the development program to be conducted in accordance with Section 3 for the development of Development Antibodies generated under the TIM-3 Discovery Program.

1.48. "**TIM-3 Discovery Program**" shall mean the discovery program to be conducted in accordance with Section 2 for the development of antibodies directed to antagonize TIM-3, including dual-reactive antibodies that are directed to antagonize both PD-1 and TIM-3.

1.49. "**Third Party**" shall mean any person or entity other than AnaptysBio and TESARO, and their respective Affiliates.

1.50. "**Third Party In-License**" shall mean any agreement between AnaptysBio or any Affiliate thereof and any Third Party under which AnaptysBio or such Affiliate is or has been granted a license or other rights under the AnaptysBio IP Rights or with respect to the AnaptysBio Platform.

2. DISCOVERY PROGRAMS

2.1. Goals. The goals of the Discovery Programs are the discovery of Development Antibodies directed to the applicable Targets, and characterization and certain testing, including certain efficacy, pharmacology and toxicology studies, provided that none shall be a GLP Study, all as set forth in the applicable Discovery Plan for such Discovery Program.

2.2. Responsibility. AnaptysBio shall hold the primary responsibility for executing each of the Discovery Programs in accordance with each Discovery Plan. AnaptysBio shall utilize resources and methodologies as needed with respect to the AnaptysBio Platform to generate Development Antibodies with respect to each Target.

2.3. Conduct of the Discovery Program. Subject to the terms and conditions set forth herein, AnaptysBio agrees to conduct research under the Discovery Programs, which shall be funded as set forth in Section 6. During each Discovery Program Term, AnaptysBio shall use Commercially Reasonable Efforts to conduct each Discovery Program in accordance with the

applicable Discovery Plan within the time schedules contemplated therein and to keep TESARO informed as to the progress and results of the Discovery Programs hereunder.

2.4. Discovery Plans. Each Discovery Program shall be carried out in accordance with a mutually agreed upon written Discovery Plan, which shall establish specific research objectives and the research tasks to be performed and resources to be provided by AnaptysBio. The initial Discovery Plans, attached to the Supplemental Information Package as Exhibits A-1 – A-3, establish: (i) the scope of the research activities which will be performed under the applicable Discovery Program; (ii) the research objectives and work plan activities with respect to such Discovery Program; and (iii) the criteria for determining when a Development Antibody shall be advanced into its respective Development Program. The Discovery Plans may be amended or modified from time to time by approval of the JSC.

2.5. Discovery Budgets. Each Discovery Plan includes a budget covering the activities to be conducted by AnaptysBio under such Discovery Plan, as approved by the Parties (each, a "**Discovery Budget**"). The Discovery Budgets may be amended from time to time by approval of the JSC, but, unless otherwise decided by the JSC, only following a JSC-approved modification to the applicable Discovery Plan which necessitates a change in the applicable Discovery Budget. At all times the Discovery Budgets shall reflect the Parties' good faith estimate of the costs reasonably necessary in order for AnaptysBio to complete its activities set forth in the Discovery Plans.

2.6. Discovery Program Costs. During the applicable Discovery Program Term and subject to TESARO funding the costs of each Discovery Program pursuant to Section 6.1, AnaptysBio shall [*]. At the beginning of each calendar quarter, [*].

2.7. Term of Discovery Program. Each Discovery Program Term shall commence on the Effective Date and shall end upon the earlier of [*].

2.8. Third Party Licenses. In the event that the Parties agree to acquire additional technologies, equipment or other fixed assets from a Third Party specifically for use in the conduct of a Discovery Program, TESARO will be responsible for the payment of any amounts due to Third Parties for the license of intellectual property which directly applies to any Target, and the costs of negotiating, preparing and executing any such license.

2.9. Records; Inspection.

(a) Records. AnaptysBio and TESARO shall maintain records of each Discovery Program (or cause such records to be maintained) in sufficient detail and in good scientific manner as will properly reflect all work done and results achieved in the performance of the Discovery Program (including all data in the form required under any applicable governmental regulations or as directed by the JSC). All such records shall be owned by AnaptysBio, and licensed to TESARO on a Discovery Program-by-Discovery Program basis in accordance with Section 5.1 and AnaptysBio shall deliver copies of any such records to TESARO upon TESARO's written request. AnaptysBio shall maintain any such records, to the extent not delivered to TESARO, during the applicable Discovery Program Term and for a

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period of at least five (5) years thereafter, and shall provide TESARO access to such records at AnaptysBio's place of business upon reasonable advance notice by TESARO.

(b) Reports and Information Exchange. During each Discovery Program Term, each of TESARO and AnaptysBio shall use their respective Commercially Reasonable Efforts to disclose to the other Party all material information relating to the applicable Discovery Program promptly after it is learned or its materiality is appreciated. Each Party shall also keep the other Party, including the Joint Steering Committee, informed as to its progress under each Discovery Plan. [*]

2.10. Technology Transfer. At any time after cessation, termination or completion of the applicable Discovery Program, or as reasonably requested by TESARO at any time after the Effective Date, TESARO shall have the right to request that AnaptysBio commence a technology transfer to TESARO, or its designee, of any tangible embodiments of AnaptysBio Know-How or other information and technology reasonably necessary for the GLP manufacture, clinical and/or commercial manufacture of Products or any Development Antibodies with respect to such Discovery Program. The cost of a technology transfer shall be borne by TESARO and shall be based on the FTE rates set forth herein. [*]

2.11. Subcontracting.

(a) AnaptysBio Right to Subcontract. Subject to the terms of this Agreement, AnaptysBio shall have the right to engage Affiliates or Subcontractors to perform certain of its obligations under the Discovery Plans; provided, that with respect to each subcontract: (i) AnaptysBio shall notify TESARO in writing (on a confidential basis) in advance (including a description of the activity(ies) to be subcontracted, the identity of the Subcontractor and the countries involved); (ii) AnaptysBio shall ensure that each of its Subcontractors accepts and complies with all applicable terms and conditions of this Agreement, and AnaptysBio shall remain responsible for the performance of its Subcontractors hereunder; (iii) no subcontract shall contain any royalty bearing licenses or any milestone payment obligations, in each case, payable by AnaptysBio, without the prior written consent of TESARO; and (iv) any such subcontract shall (A) be in writing, (B) be subject and subordinate to the terms and conditions of this Agreement, (C) contain terms and conditions which are consistent with the terms and conditions of this Agreement, (D) not in any way diminish, reduce or eliminate any of AnaptysBio's obligations under this Agreement, (E) impose on the Subcontractor all applicable obligations under the terms of this Agreement, including the reporting, audit, inspection and confidentiality provisions hereunder, as well as a provision prohibiting such Subcontractor from further sublicensing or subcontracting, and (F) use reasonable efforts to cause such subcontract to be assignable to TESARO without consent of the Subcontractor. Notwithstanding the foregoing, approval of the JSC will be required if AnaptysBio desires to engage a Subcontractor to perform work related to chemistry, manufacturing and controls.

(b) TESARO Right to Subcontract. Subject to the terms of this Agreement, TESARO shall have the right to engage Affiliates or Subcontractors to perform certain of its obligations and exercise its rights under this Agreement (including any activities under the Development Programs); provided, that with respect to each subcontract: (i) TESARO shall ensure that each of its Subcontractors accepts and complies with all applicable terms and

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conditions of this Agreement, and TESARO shall remain responsible for the performance of its Subcontractors hereunder; and (ii) any such subcontract shall (A) be in writing, (B) be subject and subordinate to the terms and conditions of this Agreement, (C) contain terms and conditions which are consistent with the terms and conditions of this Agreement, (D) not in any way diminish, reduce or eliminate any of TESARO's obligations under this Agreement, (E) impose on the Subcontractor all applicable obligations under the terms of this Agreement, including the reporting, audit, inspection and confidentiality provisions hereunder, and (F) use reasonable efforts to cause such subcontract to be assignable to AnaptysBio without consent of the Subcontractor.

2.12. [*]

3. DEVELOPMENT PROGRAMS

3.1. Development Program Activities. Following completion of each Discovery Program, TESARO shall be responsible, at its sole expense, for conducting the Development Program, which shall include without limitation all pre-IND activities, including cross-reactivity studies and pilot studies to enable GLP pharmacology/toxicology studies, GMP manufacturing, regulatory filings, clinical trials and commercialization activities with respect to one or more Development Antibodies under each Development Program.

3.2. Records; Inspection.

(a) Records. TESARO shall maintain records of each Development Program (or cause such records to be maintained) in sufficient detail and in good scientific manner as will properly reflect all work done and results achieved in the performance of the Development Program (including all data in the form required under any applicable governmental regulations). TESARO shall maintain such records for a period of [*], and shall provide AnaptysBio access to such records at TESARO's place of business upon reasonable advance notice by AnaptysBio in accordance with Section 7.4.

(b) Reports and Information Exchange. During the performance of each Development Program, TESARO shall use Commercially Reasonable Efforts to disclose to AnaptysBio all material information relating to the applicable Development Program promptly after it is learned or its materiality is appreciated. TESARO shall also keep AnaptysBio informed as to its progress under each Development Program. Within sixty (60) days following the end of each calendar quarter of the Development Program, [*].

(c) Assistance by AnaptysBio. Upon reasonable request by TESARO, AnaptysBio will in good faith make available key personnel to assist TESARO in the planning, monitoring and strategy of preclinical development, manufacturing and early clinical development under each Development Program, provided that any material expenses incurred by AnaptysBio (including FTEs utilized, reasonable travel expenses and specialized supplies or equipment required) shall be reimbursed by TESARO in accordance with Section 2.6 above.

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4. MANAGEMENT

4.1. Joint Steering Committee. Promptly after the Effective Date, TESARO and AnaptysBio will establish a committee (the "**Joint Steering Committee**" or "JSC") to oversee, review and recommend direction of each Discovery Program. The responsibilities of the Joint Steering Committee shall include, monitoring, reporting progress, developing strategies and ensuring open and frequent exchange between the Parties regarding each Discovery Program and the activities of the Parties and their Affiliates, Subcontractors and agents thereunder.

4.2. Membership. The JSC shall include [*] of each of TESARO and AnaptysBio, each Party's members selected by that Party. AnaptysBio and TESARO may each replace its JSC representatives at any time, upon written notice to the other Party. From time to time, the JSC may establish subcommittees to oversee particular projects or activities, and such subcommittees will be constituted as the JSC agrees. Each Party's JSC members shall be senior individuals empowered to provide timely feedback regarding their Party's decisions on key matters.

4.3. Meetings. During each Discovery Program Term, the JSC shall meet at least quarterly, or as agreed by the Parties, at such locations as the Parties agree, and will otherwise communicate regularly by telephone, electronic mail, facsimile and/or video conference. With the consent of the Parties, other representatives of AnaptysBio or TESARO may attend JSC meetings as nonvoting observers. Each Party shall be responsible for all of its own expenses associated with attendance of such meetings. [*]

4.4. Minutes. The JSC shall keep accurate minutes of its deliberations which shall record all proposed decisions and all actions recommended or taken. The Secretary of the JSC (as appointed by the members of the JSC) shall be responsible for the preparation of draft minutes. [*] All records of the JSC shall at all times be available to both AnaptysBio and TESARO.

4.5. Decision Making. [*]

4.6. Development Program Meetings. During each [*] calendar period commencing with the completion of the applicable Discovery Program and continuing for a period of [*] thereafter, and then annually after such [*] period, upon the written request of either Party, TESARO and AnaptysBio shall meet to discuss the progress of each Development Program and review future activities planned by TESARO with respect thereto, including strategic plans for preclinical, clinical and commercial advancement of Products under each Development Program.

5. LICENSES; EXCLUSIVITY

5.1. Grant.

(a) Subject to the terms and conditions of this Agreement, AnaptysBio hereby grants to TESARO and its Affiliates an exclusive license (with the right to grant sublicenses through multiple tiers) under the AnaptysBio IP Rights and Collaboration IP Rights to research, develop, make, have made, use, sell, offer for sale, import and export Products for use in the Field and in the Territory.

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(b) Subject to the terms and conditions of this Agreement, AnaptysBio hereby grants to TESARO and its Affiliates a non-exclusive license (with the right to grant sublicenses through multiple tiers) under the Patents and other intellectual property constituting the AnaptysBio Platform to research, develop, make, have made, use, sell, offer for sale, import and export Products for use in the Field and in the Territory and as necessary for TESARO to practice the licenses granted to it under Section 5.1(a); provided, however that the foregoing license grant to TESARO is limited to researching, developing, making, having made, selling, offering for sale, importing, exporting and using Development Antibodies previously generated by AnaptysBio, and expressly excludes any license of rights to TESARO to utilize, practice or operate the AnaptysBio Platform to develop or generate new or materially different antibodies.

5.2. No Implied Licenses. Only the licenses granted pursuant to the express terms of this Agreement shall be of any legal force or effect. No other license or rights shall be created by implication, estoppel or otherwise. Without limiting the foregoing, if a Product contains an active pharmaceutcial ingredient or biologic in addition to the Development Antibody, then the licenses granted to TESARO under AnaptysBio IP Rights and the AnaptysBioPlatform shall not include the right to research, develop, make, have made, use, sell, offer for sale, import and export such other active pharmaceutical ingredient or biologic.

5.3. Exclusivity.

(a) Except to the extent required for AnaptysBio to fulfill its obligations under this Agreement and as permitted under this Agreement, with respect to each Target (or combination of Targets), [*].

(b) During the Exclusivity Period, and except with respect to a Product pursuant to this Agreement, TESARO shall not [*].

(c) The exclusivity described in Sections 5.3(a) and 5.3(b) will apply on a Discovery Program/Development Program basis, such that if a Discovery Program or Development Program is terminated for any reason, then the Targets that are subject of that Discovery Program or Development Program shall no longer be subject to the exclusivity. By way of example, if the TIM-3 Discovery Program is terminated, then the exclusivity shall no longer apply to TIM-3 alone or dual-reactivity to TIM-3 and PD-1, but the exclusivity for the other non-terminated Discovery Programs (or Development Programs) shall continue.

(d) Notwithstanding the foregoing provision of this Section 5.3, in the event of a Change of Control (as defined below) of AnaptysBio, or if AnaptysBio or an Affiliate acquires any Third Party, business or assets, or any interest therein (an "**AnaptysBio Business Acquisition**"), the provisions of this Section 5.3 shall not apply to any active research or development program that a portion of the surviving entity or Affiliate that was not AnaptysBio (prior to the Change of Control or AnaptysBio Business Acquisition) had ongoing as of immediately prior to the date of such Change of Control or AnaptysBio Business Acquisition. For purposes of this Section 5.3, a "**Change of Control**" shall mean, with respect to a Party, the merger, consolidation, sale of substantially all of such Party's assets or similar transaction or series of transactions, as a result of which such Party's shareholders before such transaction or series of transactions own less than fifty percent (50%) of the total number of voting securities of

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the surviving entity immediately after such transaction or series of transactions. For clarity, if as a result of any such Change of Control, a Party exists as a wholly owned subsidiary of a parent, then the provisions of this Section 5.3 shall continue to apply to such Party as the surviving entity, but not to such parent.

(e) Notwithstanding the foregoing provision of this Section 5.3, in the event of a Change of Control of TESARO or if TESARO or an Affiliate acquires any Third Party, business or assets, or any interest therein (a "**TESARO Business Acquisition**"), the provisions of this Section 5.3 shall not apply to any active research or development program that a portion of the surviving entity or Affiliate that was not TESARO (prior to the Change of Control or TESARO Business Acquisition) had ongoing as of immediately prior to the date of such Change of Control or TESARO Business Acquisition.

6. PAYMENTS

6.1. Upfront Payment. Within ten (10) business days following the Effective Date, TESARO shall pay to AnaptysBio a non-creditable, non-refundable license fee of seventeen million dollars (USD $17,000,000.00).

6.2. Discovery Program Funding. TESARO shall reimburse AnaptysBio on a quarterly basis for all [*]. All payments are non-creditable (against amounts in Secction 6.3 or 6.4) and non-refundable (except pursuant to Section 7.4 or Section 13.2). Within ten (10) days of the end of each calendar quarter, AnaptysBio shall provide TESARO with an invoice for all amounts owed by TESARO under this Section 6.2 for that calendar quarter and TESARO shall pay such amounts within thirty (30) days after receipt of AnaptysBio's quarterly invoice. All amounts paid by TESARO to AnaptysBio pursuant to this Section 6.2 shall be made in accordance with Section 7.2 with respect to withholding for taxes or any other charges.

6.3. Upfront Payment. On a Development Program-by-Development Program basis, TESARO shall pay AnaptysBio the following payments [*]:

Milestone Event	Milestone Payment (USD)
Initiation of first GLP PK/tox Study	[*]
First IND clearance	[*]
Initiation of the first Phase II Clinical Trial	[*]
Initiation of the first Phase III Clinical Trial for first indication	[*]
Initiation of the first Phase III Clinical Trial for second indication	[*]
Filing of the first NDA for the first indication	$[*]
Filing of the first NDA for the second indication	$[*]
Filing of the first MAA for the first indication	$[*]
Filing of the first MAA for the second indication	$[*]

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Milestone Event	Milestone Payment (USD)
First NDA approval for the first indication	$[*]
First NDA approval for the second indication	$[*]
First MAA approval for the first indication	$[*]
First MAA approval for the second indication	$[*]
Achievement of annual worldwide Net Sales in a calendar year equal to or greater than $[*]	$[*]
Achievement of annual worldwide Net Sales in a calendar year equal to or greater than $[*]	$[*]
Achievement of annual worldwide Net Sales in a calendar year equal to or greater than $[*]	$[*]
Achievement of annual worldwide Net Sales in a calendar year equal to or greater than $[*]	$[*]

As used in this Section 6.3, the following terms have the meanings set forth below:

"**initiation**" means, with respect to a study or clinical trial, the administration of the first dose of Product to the first patient enrolled in such study or trial;

"**IND clearance**" means filing and clearance by FDA without rejection or being placed on clinical hold;

"**indication**" means a specific disease or condition;

"**filing**" means acceptance for filing with the applicable regulatory or governmental authority; and

"**approval**" means, with respect to a Product in any country or jurisdiction, any approval, registration, license or authorization from a regulatory or governmental authority in a country or other jurisdiction that is necessary to market and sell such Product in such country or jurisdiction; "approval" shall specifically include FDA approvals of BLAs.

6.4. Earned Royalties.

(a) With respect to Net Sales of a Product resulting from a Development Antibody, on a Product-by-Product basis, TESARO shall pay AnaptysBio a royalty on Net Sales as follows:

Worldwide Annual Net Sales of a Product (on a Product-by-Product basis) during the applicable calendar year during the Royalty Term:	Royalty Rate Applicable to a Product:
Portion less than or equal to $[*]:	[*]%
Portion greater than $[*], but less than or equal to $[*]:	[*]%
Portion greater than $[*], but less than or equal to $[*]:	[*]%
Portion greater than $[*], but less than or equal to $[*]:	[*]%
Portion greater than $[*]:	[*]%

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(b) Royalties payable under this Section 6.4 shall be paid on a country-by- country basis from the date of the first commercial sale of each Product with respect to which royalty payments are due until the later of (i) the [*] ([*]) anniversary of the first commercial sale of the Product in such country, and (ii) the expiration date in such country of the last to expire of any Patent within the AnaptysBio Patents or the Collaboration Patents covering the manufacture, use or sale of such Product in such country (the "**Royalty Term**"). For the avoidance of doubt, TESARO's obligation to pay royalties under this Section 6.4 is imposed only once with respect to the same unit of Product, notwithstanding such Product may be covered by more than one valid claim of an AnaptysBio Patent or Collaboration Patent.

(c) If TESARO pays royalties to any Third Party in a country in order to make, use, sell, offer for sale or import the Development Antibody component of a Product in such country, then TESARO shall have the right to credit [*] percent ([*]%) of such Third Party royalty payments against the royalties owing to AnaptysBio under Section 6.4(a) with respect to sales of such Product in such country; provided, however, that TESARO shall not reduce the amount of the royalties owing to AnaptysBio under Section 6.4(a) with respect to such Product in such country to less than [*] percent ([*]%) of the royalties that would otherwise be due under Section 6.4(a) with respect to such Product in such country. Notwithstanding the foregoing, if TESARO pays any such royalties to a Third Party that [*].

7. PAYMENTS; RECORDS

7.1. Payment Method. All payments due under this Agreement shall be made from a bank located in the United States by bank wire transfer in immediately available funds to a bank account designated by AnaptysBio. All payments hereunder shall be made in U.S. dollars. In the event that the due date of any payment subject to Section 6 is a Saturday, Sunday or national holiday, such payment may be paid on the following business day. Any payments that are not paid on the date such payments are due under this Agreement shall bear interest to the extent permitted by applicable law at the rate of [*] percent ([*]%) per annum, calculated on the number of days such payment is delinquent.

7.2. Taxes. All payments required to be paid to AnaptysBio pursuant to this Agreement shall be paid with deduction for withholding for or on account of any taxes (other than taxes imposed on or measured by net income) or similar governmental charge.

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7.3. Royalty Payments and Reports. Royalty payments under this Agreement with respect to Net Sales of Product in a given calendar quarter shall be made to AnaptysBio or its designee quarterly within [*] ([*]) days following the applicable calendar quarter. Each royalty payment shall be accompanied by a report [*].

7.4. Books and Records; Accounting and Audits. Each Party shall maintain complete and accurate books and records, in accordance with GAAP, which are relevant to, as applicable, costs or expenses to be reimbursed by TESARO, or payments to made to AnaptysBio, under this Agreement, which books and records shall be sufficient in detail to verify all payment amounts due to a Party hereunder. The Party requesting an audit (the "**Auditing Party**") shall have the right, at its own expense and not more than once in any calendar year during the term of this Agreement, to have an independent, certified public accountant, selected by the Auditing Party, and under an obligation of confidence, audit the books and records of the other Party (the "**Audited Party**") in the location(s) where such books and records are maintained upon reasonable notice (which shall be no less than fifteen (15) business days prior written notice) and during regular business hours, and for the sole purpose of verifying the basis and accuracy of payments required and made under this Agreement. The report and communication of such accountant with respect to such an audit shall be limited to a certificate stating whether any, as applicable, report made or reimbursement or other payment submitted during such period is accurate or inaccurate and, if a discrepancy is identified, shall also indicate the amount and if applicable, with respect to any report, the nature, of any discrepancy, and the correct information (with respect to the applicable period). Such accountant shall provide AnaptysBio and TESARO with a copy of each such report simultaneously. Should the audit lead to the discovery of a discrepancy: (i) to the Auditing Party's detriment, the Audited Party shall pay to the Auditing Party the amount of the discrepancy within thirty (30) days of the Audited Party's receipt of the report; or (ii) to the Audited Party's detriment, the Audited Party may, as applicable, credit the amount of the discrepancy against future payments payable to the Auditing Party under this Agreement, and if there are no such payments payable, then the Auditing Party shall pay to the Audited Party the amount of the discrepancy within thirty (30) days of the Auditing Party's receipt of the report. Additionally, in the event that the discrepancy is to the Auditing Party's detriment and is greater than five percent (5%) of the amount due for such audited period, then the Audited Party shall pay or reimburse the reasonable cost charged by such accountant for such audit. Once the Auditing Party has conducted an audit permitted by this Section 7.4 in respect of any period, it may not re-inspect the Audited Party's books and records in respect of such period, unless a subsequent audit of a separate reporting period uncovers fraud on the part of the Audited Party that is reasonably expected to have been occurring during the prior audited period. For clarity, however, if a discrepancy is identified by the accountant during the course of an audit and the Parties do not agree upon a resolution of such discrepancy, then the Auditing Party's accountant may re-inspect the books and records to the extent reasonably relevant to resolving such discrepancy. Notwithstanding anything herein to the contrary, upon the expiration of three (3) years following the end of any calendar year, the right to audit, the books and records for such calendar year shall expire and such Party shall be released from any liability or accountability with respect to payments or FTE work performed as reflected in such books of such Party for such calendar year (including, for clarity, with respect to the calculation of royalties payable with respect to each such calendar year). The Parties shall no longer be required to retain such books and records for any calendar year after the expiration of the third (3rd) calendar year following such calendar year.

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7.5. Blocked Currency. If at any time legal restrictions in the Territory prevent the prompt remittance of any payments with respect to sales therein, TESARO shall have the right and option to make such payments by depositing the amount thereof in local currency to AnaptysBio account in a bank or depository in the Territory.

7.6. Confidentiality. Each Party shall treat all financial information of the other Party that is subject to review under this Section 7 of this Agreement (including all royalty reports) as such other Party's Confidential Information.

8. DILIGENCE; REVERSION

8.1. Products. TESARO shall use Commercially Reasonable Efforts to (a) fund the development of each Discovery Program as set forth in the applicable Discovery Plan and until each Discovery Program has reached the applicable key program decision point set forth in the applicable Discovery Plan, (b) advance at least one Development Antibody with respect to each Development Program, (c) research, test and develop Products, (d) obtain regulatory approval for preclinical, clinical and commercial use of at least one Product with respect to each Development Program, and (e) commercialize Products and attempt to obtain the optimum commercial return for each Product in all major markets throughout the world. [*]

8.2. Reversion. If TESARO fails to satisfy its obligations under Section 8.1 with respect to a Discovery Program or Development Program, or discontinues development of all Products within a Discovery Program or Development Program, then all rights to that Discovery Program and/or Development Program, including Development Antibody, Products, data, result, materials and Collaboration IP Rights resulting from such Discovery Program or Development Program shall revert to AnaptysBio in accordance with Sections 14.4(b), 14.4(d) or 14.4(e) without any further obligation to TESARO.

9. INTELLECTUAL PROPERTY

9.1. Ownership of Inventions; Disclosure.

(a) Ownership. Title to all inventions and other intellectual property made by employees of AnaptysBio in the course of performing, or in connection with, the Discovery Programs shall be owned by AnaptysBio; title to all inventions and other intellectual property made by employees of TESARO in the course of performing, or in connection with, the Discovery Programs or the further development of a Product shall be owned by TESARO; title to all inventions and other intellectual property made jointly by employees of TESARO and AnaptysBio in the course of performing, or in connection with, the Discovery Programs shall be owned jointly by TESARO and AnaptysBio. Inventorship of inventions and other intellectual property made pursuant to this Agreement shall be determined in accordance with the patent laws of the United States. Except as expressly provided in this Agreement, neither Party shall have any obligation to account to the other for profits, or to obtain any approval of the other Party to license or exploit patented jointly-owned subject matter, by reason of joint ownership thereof, and each Party hereby waives any right it may have under the laws of any jurisdiction to require any such consent or accounting. Notwithstanding the foregoing, AnaptysBio is and shall be the sole owner of the AnaptysBio Platform.

***Confidential Treatment Requested.**

(b) Disclosure of Inventions. Each Party shall promptly disclose to the other any inventions made in connection with this Agreement.

9.2. Patent Prosecution. Prior to the IND clearance for a Product resulting from a Discovery Program, AnaptysBio shall be responsible, at TESARO's expense, for (i) preparing, filing, prosecuting and maintaining Patent applications and Patents directed to Collaboration Patents claiming the manufacture, composition or use of such Product, and (ii) for conducting any interferences, re-examinations, reissues and oppositions relating thereto ("**Prosecute and Maintain**"); provided, that TESARO's financial obligations with respect to any such interference or opposition shall be subject to AnaptysBio obtaining TESARO's prior written consent with respect to any such action and the associated costs. After IND clearance for a Product resulting from a Discovery Program, TESARO shall be responsible at TESARO's expense to Prosecute and Maintain the applicable Collaboration Patents. The Party that is tasked to Prosecute and Maintain shall keep the other Party informed with respect to the prosecution and issuance of the Collaboration Patents and provide prompt notice of all material matters related thereto (including upon such Party's request), and the other Party shall reasonably cooperate with and assist the Party tasked to Prosecute and Maintain in connection with such activities, including without limitation by making scientists and scientific records reasonably available and the execution of all such documents and instruments and the performance of such acts as may be reasonably necessary in order to continue any filing, prosecution, maintenance or extension thereof.

9.3. Enforcement and Defense.

(a) Each Party shall promptly notify the other of any knowledge it acquires of any potential infringement of the Collaboration Patents by a Third Party.

(b) If any Patent within the Collaboration Patents is infringed by a Third Party in any country in the Territory in connection with the manufacture, use and sale of a product the same as or substantially similar to a Product in the Field in such country, TESARO shall have the primary right, but not the obligation, to institute, prosecute, and control any action or proceeding with respect to such infringement of such Patent, by counsel of its own choice, and AnaptysBio shall have the right, at its own expense, to be represented in that action by counsel of its own choice. If TESARO fails to bring an action or proceeding within a period of one hundred twenty (120) days after a request by AnaptysBio to do so, AnaptysBio shall have the right to bring and control any such action by counsel of its own choice, and TESARO shall have the right to be represented in any such action by counsel of its own choice at its own expense.

(c) If one Party brings an action or proceeding in accordance with Section 9.3(b), the second Party agrees to be joined as a party plaintiff if necessary and to give the first Party reasonable assistance and authority to file and prosecute the suit. The costs and expenses of the Party bringing suit under this Section shall be borne by such Party, and any damages or other monetary awards recovered shall be shared as follows: The amount of such recovery actually received by the Party controlling such action shall first be applied to the out-of- pocket costs of such action, and then (i) if TESARO is the Party that brings such action or proceeding, then AnaptysBio shall be paid an amount equal to the royalties, if any, that would have been due upon sales of the infringing product as if such infringing sales had been Net Sales of a Product sold by

or under the authority of TESARO, and the remaining portion of such recovery shall be paid to TESARO, or (ii) if AnaptysBio is the Party that brings such action or proceeding, then the remaining portion of such recovery shall be retained by AnaptysBio. A settlement or consent judgment or other voluntary final disposition of a suit under this Section 9.3 may be entered into without the consent of the Party not bringing the suit. Neither Party shall, however, have the right to enter into any settlement or consent to any claim to the effect that the patent protection offered under any part of the Collaboration Patents would be materially negatively affected, without the consent of the other Party, such consent not to be unreasonably withheld.

10. CONFIDENTIALITY

10.1. Confidential Information. Except as otherwise expressly provided herein, the Parties agree that, for the term of this Agreement and for ten (10) years thereafter, the receiving Party shall not, except as expressly provided in this Section 10, disclose to any Third Party any Confidential Information furnished to it by the disclosing Party hereto pursuant to this Agreement, or any results of the Discovery Programs ("**Results**"). For purposes of this Section 10, "**Confidential Information**" shall mean any information, samples or other materials, which if disclosed in tangible form is marked "confidential" or with other similar designation to indicate its confidential or proprietary nature, or, if disclosed orally, is indicated orally to be confidential or proprietary at the time of such disclosure and is confirmed in writing as confidential or proprietary within forty-five (45) days after such disclosure. Notwithstanding the foregoing, Confidential Information shall not include any information that can be established by the receiving Party by competent proof that such information:

(a) was already known to the receiving Party, other than under an obligation of confidentiality, at the time of disclosure;

(b) was generally available to the public or otherwise part of the public domain at the time of its disclosure to the receiving Party;

(c) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any breach of this Agreement by the receiving Party;

(d) was independently developed by the receiving Party as demonstrated by documented evidence prepared contemporaneously with such independent development; or

(e) was disclosed to the receiving Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the disclosing Party not to disclose such information to others.

10.2. Permitted Use and Disclosures. Each Party hereto may use or disclose Confidential Information disclosed to it by the other Party or Results to the extent such use or disclosure is reasonably necessary and permitted in the exercise of the rights granted hereunder in filing or prosecuting Patent applications, prosecuting or defending litigation, complying with applicable governmental laws, rules, regulations or court order or otherwise submitting information to tax or other governmental authorities, conducting clinical trials, or making a permitted sublicense or otherwise exercising license rights expressly granted by the other Party

to it pursuant to the terms of this Agreement; provided, that if a Party is required to make any such disclosure, other than pursuant to a confidentiality agreement, it will give reasonable advance notice to the other Party of such disclosure and, save to the extent inappropriate in the case of Patent applications, will use its reasonable efforts to secure confidential treatment of such information in consultation with the other Party prior to its disclosure (whether through protective orders or otherwise) and disclose only the minimum necessary to comply with such requirements. Nothing in this Article 10 shall restrict TESARO from providing Development Antibodies (and associated related information) to academic and other collaborators to conduct pre-clinical and clinical studies to further the research, development and commercialization of the Development Antibodies.

11. PUBLICITY

11.1. Nondisclosure of Terms. Each of the Parties hereto agrees not to disclose the terms of this Agreement to any Third Party without the prior written consent of the other Party hereto, which consent shall not be unreasonably withheld, except to such Party's attorneys, advisors, investors, potential investors and other similarly situated Third Parties on a need to know basis under circumstances that reasonably ensure the confidentiality thereof, or to the extent required by law. Notwithstanding the foregoing, the press release attached to the Supplemental Information Package as Exhibit B-1 shall be jointly released by both Parties promptly following the Effective Date, and the press release attached to the Supplemental Information Package as Exhibit B-2 shall be released by AnaptysBio promptly following the Effective Date. Furthermore, it is understood that either Party may be required to issue subsequent press releases or make disclosures required by law (pursuant to filings with the Securities and Exchange Commission or otherwise) relating to the terms of this Agreement or activities hereunder. The Parties agree to consult with each other reasonably and in good faith with respect to the text and timing of all such press releases or other disclosures required by law prior to the issuance thereof, provided that a Party may not unreasonably withhold or delay consent to such releases or disclosures, and that either Party may issue such press releases or make such disclosures as it determines, based on advice of counsel, are reasonably necessary to comply with laws or regulations or for appropriate stock market disclosure. Furthermore, AnaptysBio shall have the right to publicly announce, by press release or otherwise, the occurrence of each significant event under the terms of this Agreement, including the receipt of each milestone payment reference above, provided that AnaptysBio consults with TESARO reasonably and in good faith with respect to the text and timing of such public announcement prior to the issuance thereof, provided that no Confidential Information shall be disclosed without permission of TESARO.

11.2. Publications. With respect to any Discovery Program, each Party shall submit any proposed scientific publication to the other Party that relates directly to one or more Development Antibodies or Products, discloses the results of a Discovery Program or includes Confidential Information of the other Party at least thirty (30) days in advance to allow that Party to review such planned public disclosure. The reviewing Party will promptly review such proposed scientific publication and make any objections that it may have to the publication of such results or the Confidential Information of the reviewing Party contained therein. Should the reviewing Party make an objection to the publication of any such results or Confidential Information, then the Parties shall discuss the advantages and disadvantages of publishing such

results or Confidential Information. If the Parties are unable to agree on whether to publish the same, the respective Chief Executive Officers of AnaptysBio and TESARO (or, with respect to TESARO, the President) shall reasonably agree on the extent to which the publication of such results or Confidential Information shall be made. AnaptysBio acknowledges that TESARO may enter into agreements with academic and other collaborators to conduct studies with Development Antibodies, including in combination with other compounds, in all cases consistent with the license rights granted hereunder. Notwithstanding the provisions of this Section 11.2 to the contrary, TESARO shall be required only to request such collaborators comply with the provisions of this Section 11.2 with regard to their scientific publications, but TESARO shall not be in violation of this Section 11.2 as a result of the actions of such collaborators with respect thereto.

11.3. Blinded Data. For the purposes of promoting or otherwise highlighting the advantages of the AnaptysBio Platform, AnaptysBio may disclose (or cause to be disclosed) to Third Parties, blinded data relating to each of the Discovery Programs at any time during or subsequent to the term of the Agreement, provided that (a) neither TESARO, the Targets or therapeutic area shall be identified, directly or indirectly, in connection therewith, (b) TESARO shall have an opportunity to review each such disclosure at least thirty (30) days prior to the release thereof, and (c) no such disclosure shall include any Confidential Information of TESARO.

11.4. Permitted Disclosures. Notwithstanding anything to the contrary contained in this Agreement or any confidentiality agreement between the Parties, nothing herein or therein shall prevent a Party from disclosing the terms of this Agreement or such other information a Party reasonably determines, based on advice from its counsel, is necessary or desirable to disclose under applicable law, regulation or legal process (whether in connection with its ongoing disclosure obligations, in connection with a corporate activity or otherwise), including as required by the rules or regulations of the United States Securities and Exchange Commission or similar regulatory agency in a country other than the United States or of any stock exchange or NASDAQ, or in connection with a presentation or disclosure to investors or potential investors subject to customary and appropriate confidentiality restrictions.

12. REPRESENTATIONS AND WARRANTIES

12.1. TESARO. TESARO represents and warrants that:

(a) it has the legal power, authority and right to enter into this Agreement and to fully perform all of its obligations hereunder, and has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

(b) this Agreement is a legal and valid obligation binding upon it and enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, or other similar laws affecting creditors, generally, or general principles of equity;

(c) the performance of its obligations hereunder do not conflict with, violate or breach or constitute a default or require any consent under, any agreement, instrument or understanding, or other contractual obligations of TESARO;

(d) no government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental authority, is necessary for the transactions contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement; and

(e) TESARO has not and shall not employ (or use any Subcontractor or consultant that employs) any individual or entity debarred by the FDA (or subject to a similar sanction of the EMA), or any individual who or entity which is the subject of an FDA debarment investigation or proceeding (or similar proceeding of EMA), or is convicted of a crime for which an individual or entity could be debarred under 21 U.S.C. Section 335a or its foreign equivalent or has been under indictment for a crime for which a person or entity could be debarred under such provision.

12.2. AnaptysBio. AnaptysBio represents and warrants that:

(a) it has the legal power, authority and right to enter into this Agreement and to fully perform all of its obligations hereunder, and has taken all necessary action on its part to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder;

(b) this Agreement is a legal and valid obligation binding upon it and enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, or other similar laws affecting creditors, generally, or general principles of equity;

(c) the performance of its obligations hereunder do not conflict with, violate or breach or constitute a default or require any consent under, any agreement, instrument or understanding, or other contractual obligations of AnaptysBio;

(d) no government authorization, consent, approval, license, exemption of or filing or registration with any court or governmental authority, is necessary for the transactions contemplated by this Agreement or any other agreement or instrument executed in connection herewith, or for the performance by it of its obligations under this Agreement;

(e) AnaptysBio Controls the AnaptysBio Know-How and AnaptysBio Patents existing as of the Effective Date;

(f) AnaptysBio has the right to grant all rights and licenses it purports to grant to TESARO with respect to the AnaptysBio Know-How, AnaptysBio Patents and AnaptysBio Platform under this Agreement;

(g) AnaptysBio has no present knowledge that any settled, pending or threatened claim or lawsuit or legal proceeding of a Third Party against AnaptysBio or any other person alleging that the AnaptysBio Know-How, AnaptysBio Patents or AnaptysBio Platform

misappropriates or infringes, in part or in whole, the intellectual property or intellectual property rights of such Third Party;

(h) AnaptysBio has not granted any right or license to any Third Party relating to any of the AnaptysBio Know-How, AnaptysBio Patents or AnaptysBio Platform that would conflict or interfere with any of the rights or licenses granted or purported to be granted to TESARO hereunder;

(i) Schedule 12.2(i) attached hereto sets forth a complete and accurate list of the AnaptysBio Patents as of the Effective Date, indicating the owner or co-owners thereof if such AnaptysBio Patent is not solely owned by AnaptysBio. AnaptysBio has disclosed to TESARO all material information received by AnaptysBio as of the Effective Date concerning the institution of any interference, opposition, reexamination, reissue, revocation, nullification or any official proceeding involving any AnaptysBio Patent or Patent included in the AnaptysBio Platform anywhere in the Territory;

(j) To the best of AnaptysBio's knowledge as of the Effective Date, Exhibit C attached to the Supplemental Information Package sets forth a complete and accurate list of all Target Antagonists owned or Controlled by AnaptysBio as of the Effective Date;

(k) To the best of AnaptysBio's knowledge as of the Effective Date, TESARO will not be required to obtain a license or sublicense under any Third Party In-License for TESARO to research, develop, make, have made, use, sell, offer for sale, import and export Products for use in the Field and in the Territory pursuant to the rights and licenses granted to it under this Agreement;

(l) AnaptysBio has not and shall not employ (or use any Subcontractor or consultant that employs) any individual or entity debarred by the FDA (or subject to a similar sanction of the EMA), or any individual who or entity which is the subject of an FDA debarment investigation or proceeding (or similar proceeding of EMA), or is convicted of a crime for which an individual or entity could be debarred under 21 U.S.C. Section 335a or its foreign equivalent or has been under indictment for a crime for which a person or entity could be debarred under such provision; and

(m) AnaptysBio acknowledges that, in entering into this Agreement, TESARO has relied upon information supplied by AnaptysBio and information which AnaptysBio has caused to be supplied to TESARO by AnaptysBio's agents and/or representatives (all of such information being hereinafter referred to collectively as "**Product Information**"). To the knowledge of AnaptysBio as of the Effective Date, the Product Information is accurate in all material respects. AnaptysBio has not, as of the Effective Date, intentionally omitted to furnish TESARO with any material information known to AnaptysBio concerning the AnaptysBio IP Rights, AnaptysBio Platform or Development Antibodies, or the transactions contemplated by this Agreement, which would reasonably be considered to be material to TESARO's decision to enter into this Agreement and to undertake the commitments and obligations set forth herein.

12.3. Disclaimer. TESARO and AnaptysBio specifically disclaim any guarantee that the Discovery Programs will be successful, in whole or in part. The failure of the Parties to

successfully develop Products will not constitute a breach of any representation or warranty or other obligation under this Agreement. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, ANAPTYSBIO AND TESARO MAKE NO REPRESENTATIONS AND EXTEND NO WARRANTIES OR CONDITIONS OF ANY KIND, EITHER EXPRESS OR IMPLIED, WITH RESPECT TO THE ANAPTYSBIO IP RIGHTS, INFORMATION DISCLOSED HEREUNDER OR PRODUCTS INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT OF THE INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

13. INDEMNIFICATION

13.1. TESARO. TESARO agrees to indemnify, defend and hold AnaptysBio and its Affiliates and their respective directors, officers, employees, agents and their respective successors, heirs and assigns (the "**AnaptysBio Indemnitees**") harmless from and against any losses, costs, claims, damages, liabilities or expense (including reasonable attorneys' and professional fees and other expenses of litigation) (collectively, "**Liabilities**") arising, directly or indirectly out of or in connection with Third Party claims, suits, actions, demands or judgments, relating to (i) any breach by TESARO of the representations and warranties made in this Agreement, or (ii) the development or commercialization of a Product, except, in each case, to the extent such Liabilities result from the gross negligence or intentional misconduct of AnaptysBio.

13.2. AnaptysBio. AnaptysBio agrees to indemnify, defend and hold TESARO and its Affiliates and their respective directors, officers, employees, agents and their respective successors, heirs and assigns (the "**TESARO Indemnitees**") harmless from and against any Liabilities arising, directly or indirectly out of or in connection with Third Party claims, suits, actions, demands or judgments, relating to any breach by AnaptysBio of its representations and warranties made in this Agreement, except to the extent such Liabilities result from the gross negligence or intentional misconduct of TESARO.

13.3. Indemnification Procedure. A Party that intends to claim indemnification (the "Indemnitee") under this Section 13 shall promptly notify the other Party (the "**Indemnitor**") in writing of any claim, complaint, suit, proceeding or cause of action with respect to which the Indemnitee intends to claim such indemnification (for purposes of this Section 13.3, each a "**Claim**"), and the Indemnitor shall have sole control of the defense and/or settlement thereof; provided that the Indemnitee shall have the right to participate, at its own expense, with counsel of its own choosing in the defense and/or settlement of such Claim. The indemnification obligations of the Parties under this Section 13 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the consent of the Indemnitor, which consent shall not be withheld or delayed unreasonably. The failure to deliver written notice to the Indemnitor within a reasonable time after the commencement of any such Claim, if prejudicial to its ability to defend such action, shall relieve such Indemnitor of any liability to the Indemnitee under this Section 13, but the omission so to deliver written notice to the Indemnitor shall not relieve the Indemnitor of any liability to any Indemnitee otherwise than under this Section 13. The Indemnitee under this Section 13, and its employees, at the Indemnitor's request and

expense, shall provide full information and reasonable assistance to Indemnitor and its legal representatives with respect to such Claims covered by this indemnification.

13.4. LIMITATION OF LIABILITY. EXCEPT FOR A BREACH OF ARTICLES 10 OR 11, OR FOR ACTS OF GROSS NEGLIGENCE OR WRONGFUL INTENTIONAL ACTS OR OMISSIONS, NEITHER TESARO NOR ANAPTYSBIO, NOR ANY OF THEIR RESPECTIVE AFFILIATES OR SUBLICENSEES, SHALL BE LIABLE TO THE OTHER PARTY, ITS AFFILIATES OR ANY OF THEIR SUBLICENSEES FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, RELIANCE OR PUNITIVE DAMAGES OR LOST OR IMPUTED PROFITS, WHETHER LIABILITY IS ASSERTED IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY), INDEMNITY OR CONTRIBUTION, AND IRRESPECTIVE OF WHETHER THAT PARTY OR ANY REPRESENTATIVE OF THAT PARTY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF, ANY SUCH LOSS OR DAMAGE; PROVIDED, THAT THIS LIMITATION WILL NOT LIMIT THE INDEMNIFICATION OBLIGATION OF A PARTY UNDER THE PROVISIONS OF ARTICLE 13 FOR SUCH DAMAGES CLAIMED BY A THIRD PARTY.

14. TERM AND TERMINATION

14.1. Term. Unless earlier terminated, the Agreement will continue in full force and effect, on a Product-by-Product, Discovery Program-by-Discovery Program, Development Program-by-Development Program and country-by-country basis until the date no further payments are due under Section 6 above.

14.2. Termination for Breach. Either Party to this Agreement may terminate one or more Discovery Program(s), Development Program(s) and/or this Agreement in the event the other Party hereto shall have materially breached or defaulted in any of its representations or warranties or the performance of any of its obligations hereunder, and such default shall have continued for sixty (60) days after written notice thereof was provided to the breaching Party by the non-breaching Party. Any termination shall become effective at the end of such sixty (60) day period unless the breaching Party (or any other Party on its behalf) has cured any such breach or default prior to the expiration of the sixty (60) day period; provided, however, in the case of a failure to pay any amount due hereunder, such default may be the basis of termination ten (10) business days following the date that notice of such default was provided to the breaching Party.

14.3. Termination without cause by TESARO. TESARO may terminate this Agreement in its entirety or on a Discovery Program-by-Discovery Program or Development Program-by-Development Program basis without cause upon ninety (90) days prior written notice to AnaptysBio.

14.4. Effect of Breach or Termination.

(a) Accrued Rights and Obligations. Termination of this Agreement, or any portion hereof, for any reason shall not release either Party hereto from any liability which, at the time of such termination, has already accrued to the other Party or which is attributable to a

period prior to such termination nor preclude either Party from pursuing any rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement.

(b) Return of Materials. Upon a termination of this Agreement, in its entirety, TESARO and AnaptysBio shall promptly return to the other all Confidential Information of the other Party, except one copy of which may be retained for archival purposes. Upon termination of this Agreement, a Discovery Program or a Development Program by TESARO pursuant to Section 14.3, or by AnaptysBio pursuant to Section 14.2, TESARO shall return to AnaptysBio copies of records received by TESARO pursuant to Section 2.9 or, if only a Discovery Program or a Development Program is terminated, then those records received by TESARO pursuant to Section 2.9, with respect to the terminated program.

(c) Effect of Termination of Agreement by TESARO Without Cause or by AnaptysBio for Breach by TESARO. If TESARO terminates this Agreement in its entirety without cause pursuant to Section 14.3 or if AnaptysBio terminates this Agreement in its entirety pursuant to Section 14.2 for breach by TESARO, then:

(i) all licenses and rights to TESARO under Section 5.1 shall concurrently terminate, and TESARO and its Affiliates and sublicensees shall immediately cease all manufacture, development and commercialization of Products; provided, that TESARO and its Affiliates, sublicensees and distributors shall be entitled, during the twelve (12) month period immediately following the effective date of termination, to finish any work-in-progress and to sell any Products remaining in inventory, in accordance with the terms of this Agreement;

(ii) TESARO hereby grants to AnaptysBio an irrevocable, non- exclusive, worldwide license, with the right to grant and authorize sublicenses, under TESARO's interest in the Collaboration IP Rights, TESARO Patents and TESARO Know-How, to make, have made, use, sell, offer to sell and import Products;

(iii) To the extent permitted by applicable regulatory authorities, TESARO shall and hereby does transfer to AnaptysBio all regulatory filings and regulatory approvals for the Products held by TESARO, its Affiliates or sublicensees, or if the foregoing transfer is not permitted by the applicable regulatory authority, TESARO hereby permit AnaptysBio to cross-reference and rely upon any such regulatory approvals and regulatory filings;

(iv) AnaptysBio shall have the sole right to Prosecute and Maintain, and to solely enforce, all Collaboration IP Rights; and

(v) Upon AnaptysBio's request, TESARO shall continue all on-going development for the Products for a mutually agreed upon migration period after termination of this Agreement ("**Migration Period**"). During such Migration Period, TESARO shall provide such knowledge transfer and other training to AnaptysBio as reasonably necessary for AnaptysBio to continue such activities. In connection with such transfer, TESARO shall, subject to subsection (i) above: (A) transfer to AnaptysBio all quantities of Products manufactured by TESARO in TESARO's control as of the effective date of termination, (B) assign to AnaptysBio any agreements with Third Parties with respect to the development or commercialization of

Product (to the extent assignable) and (C) continue funding FTEs (equivalent to the number of FTEs being funded upon the date of notice of termination) for a mutually agreed period not to exceed the remaining portion of the then-current calendar quarter and one (1) full calendar quarter following the effective date of termination.

(d) Effect of Termination of Discovery Program. If AnaptysBio terminates a Discovery Program pursuant to Section 14.2 for breach by TESARO, or TESARO discontinues a Discovery Program in accordance with Section 8.2, then:

(i) AnaptysBio's obligations to conduct further activities under the applicable Discovery Program shall terminate as of the effective date of such termination; and

(ii) all licenses and rights to TESARO under Section 5.1 for the Products resulting from such Discovery Program shall concurrently terminate, and TESARO and its Affiliates and sublicensees shall immediately cease all manufacture, development and commercialization of such Products;

(iii) TESARO hereby grants to AnaptysBio an irrevocable, non- exclusive, worldwide license, with the right to grant and authorize sublicenses, under TESARO's interest in the Collaboration IP Rights, TESARO Patents and TESARO Know-How, to make, have made, use, sell, offer to sell and import Products resulting from such Discovery Program;

(iv) To the extent permitted by applicable regulatory authorities, TESARO shall and hereby does transfer to AnaptysBio all regulatory filings and regulatory approvals for the Product resulting from such Discovery Program held by TESARO, its Affiliates or sublicensees, or if the foregoing transfer is not permitted by the applicable regulatory authority, TESARO hereby permit AnaptysBio to cross-reference and rely upon any such regulatory approvals and regulatory filings;

(v) AnaptysBio shall have the sole right to Prosecute and Maintain, and to solely enforce, all Collaboration IP Rights that are the subject of such Discovery Program; and

(vi) Upon AnaptysBio's request, TESARO shall continue all on-going development for the Products resulting from such Discovery Program for a mutually agreed upon Migration Period after termination of this Agreement. During such Migration Period, TESARO shall provide such knowledge transfer and other training to AnaptysBio as reasonably necessary for AnaptysBio to continue such activities. In connection with such transfer, TESARO shall: (A) transfer to AnaptysBio all quantities of Product resulting from such Discovery Program generated by TESARO in TESARO's control as of the effective date of termination, (B) assign to AnaptysBio any agreements with Third Parties with respect to the development or commercialization of such Products (to the extent assignable), and (C) continue funding FTEs (equivalent to the number of FTEs being funded upon the date of notice of termination) for a mutually agreed period not to exceed the remaining portion of the then current calendar quarter and one (1) full calendar quarter following the effective date of termination.

(e) Effect of Termination of Development Program. If AnaptysBio terminates a Development Program pursuant to Section 14.2 for breach by TESARO, or TESARO discontinues a Development Program in accordance with Section 8.2, then:

(i) all licenses and rights to TESARO under Section 5.1 for the Products resulting from such Development Program shall concurrently terminate, and TESARO and its Affiliates and sublicensees shall immediately cease all manufacture, development and commercialization of such Products;

(ii) TESARO hereby grants to AnaptysBio an irrevocable, non- exclusive, worldwide license, with the right to grant and authorize sublicenses, under TESARO's interest in the Collaboration IP Rights, TESARO Patents and TESARO Know-How, to make, have made, use, sell, offer to sell and import Products resulting from such Development Program;

(iii) To the extent permitted by applicable regulatory authorities, TESARO shall and hereby does transfer to AnaptysBio all regulatory filings and regulatory approvals for the Product resulting from such Development Program held by TESARO, its Affiliates or sublicensees, or if the foregoing transfer is not permitted by the applicable regulatory authority, TESARO hereby permit AnaptysBio to cross-reference and rely upon any such regulatory approvals and regulatory filings;

(iv) AnaptysBio shall have the sole right to Prosecute and Maintain, and to solely enforce, all Collaboration IP Rights that are the subject of such Development Program; and

(v) Upon AnaptysBio's request, TESARO shall continue all on-going development for the Products resulting from such Development Program for a mutually agreed upon Migration Period after termination of this Agreement. During such Migration Period, TESARO shall provide such knowledge transfer and other training to AnaptysBio as reasonably necessary for AnaptysBio to continue such activities. In connection with such transfer, TESARO shall: (A) transfer to AnaptysBio all quantities of Product resulting from such Discovery Program manufactured by TESARO in TESARO's control as of the effective date of termination, (B) assign to AnaptysBio any agreements with Third Parties with respect to the development or commercialization of such Products (to the extent assignable), and (C) continue funding FTEs (equivalent to the number of FTEs being funded upon the date of notice of termination) for a mutually agreed period not to exceed the remaining portion of the then-current calendar quarter and one (1) full calendar quarter following the effective date of termination.

(f) Effect of Termination by TESARO With Cause or by TESARO for Breach by AnaptysBio. If TESARO terminates one or more Discovery Programs or this Agreement pursuant to Section 14.2 for breach by AnaptysBio, then:

(i) all licenses and rights to TESARO under Section 5.1 with respect to the applicable Discovery Program(s), Development Program(s) and Products shall automatically become perpetual and irrevocable; provided, that the payment obligations under Sections 6.3 and 6.4 shall continue; provided, however, that if TESARO terminated this Agreement pursuant to AnaptysBio's uncured material breach of Article 5, then without limiting any other rights or remedies available to TESARO, TESARO shall continue to make payments to AnaptysBio under Sections 6.3 and 6.4 but at fifty percent (50%) of the amounts set forth therein when and if they become due;

(ii) AnaptysBio and its Affiliates and sublicensees shall immediately cease all research, development or other activities with respect to applicable Development Antibodies and Products resulting from such Discovery Program;

(iii) To the extent permitted by applicable regulatory authorities, AnaptysBio shall and hereby does transfer to TESARO all regulatory filings and regulatory approvals for the applicable Products resulting from such Discovery Program held by AnaptysBio, its Affiliates or sublicensees, or if the foregoing transfer is not permitted by the applicable regulatory authority, AnaptysBio shall, and hereby does, permit TESARO to cross- reference and rely upon any such regulatory approvals and regulatory filings;

(iv) TESARO shall have the sole right to Prosecute and Maintain, and to solely enforce, all Collaboration IP Rights specific to such Discovery Program; and

(v) Upon TESARO's request, AnaptysBio shall continue all on-going development under such Discovery Program and for applicable Products for a mutually agreed upon Migration Period after termination of this Agreement. During such Migration Period, AnaptysBio shall provide such knowledge transfer and other training to TESARO or its designees as reasonably necessary for TESARO to continue such activities. In connection with such transfer, AnaptysBio shall transfer to TESARO all quantities of applicable Development Antibodies and Products manufactured by or on behalf of AnaptysBio and in the possession or control of AnaptysBio or its affiliates or contractors as of the effective date of termination, and assign to TESARO any agreements with Third Parties with respect to the research, development or commercialization of applicable Development Antibodies or Products.

14.5. Expiration. Upon the expiration of the last to expire Royalty Term for Products resulting from a Discovery Program and Development Program, all licenses and rights to TESARO under Section 5.1 with respect to such Discovery Program and Development Program and Products shall automatically become fully paid up, perpetual and irrevocable.

14.6. Survival Sections. Sections 7, 9, 10, 13, 14.4, 14.5, 14.6, 14.7 and 15 shall survive the expiration or termination of this Agreement for any reason.

14.7. Termination Not Sole Remedy. Termination is not the sole remedy under this Agreement and, whether or not termination is effected, all other remedies will remain available except as agreed to otherwise herein.

15. MISCELLANEOUS

15.1. Governing Laws. This Agreement and any dispute arising from the construction, performance or breach hereof shall be governed by and construed, and enforced in accordance with, the laws of the State of Delaware, without reference to conflicts of laws principles thereof that would result in the application of any other law.

15.2. Waiver. It is agreed that no waiver by either Party hereto of any breach or default of any of the covenants or agreements herein set forth shall be deemed a waiver as to any subsequent and/or similar breach or default.

15.3. Assignment. This Agreement shall not be assignable by either Party to any Third Party hereto without the written consent of the other Party hereto, and any attempted assignment shall be null and void. Notwithstanding the foregoing, either Party may assign this Agreement, without such consent, to an entity that acquires all or substantially all of the business or assets of such Party to which this Agreement pertains, whether by merger, reorganization, acquisition, sale, or otherwise. This Agreement shall be binding upon and accrue to the benefit any permitted assignee, and any such assignee shall agree to perform the obligations of the assignor.

15.4. Independent Contractors. The relationship of the Parties hereto is that of independent contractors. The Parties hereto are not deemed to be agents, partners or joint venturers of the others for any purpose as a result of this Agreement or the transactions contemplated thereby.

15.5. Compliance with Laws. In exercising their rights under this license, the Parties shall fully comply in all material respects with the requirements of any and all applicable laws, regulations, rules and orders of any governmental body having jurisdiction over the exercise of rights under this license including, without limitation, those applicable to the discovery, development, manufacture, distribution, import and export and sale of Products pursuant to this Agreement.

15.6. Notices. All notices, requests and other communications hereunder shall be in writing and shall be personally delivered or by registered or certified mail, return receipt requested, postage prepaid, in each case to the respective address specified below, or such other address as may be specified in writing to the other Parties hereto and shall be deemed to have been given upon receipt:

If to TESARO:	TESARO, Inc. 1000 Winter Street, Suite 3300 Waltham, Massachusetts 02541 Attention: Leon O. Moulder, Jr., Chief Executive Officer Facsimile: 339-230-3961 and TESARO Development Ltd. Clarendon House 2 Church Street Hamilton HM 11 Bermuda Attention: Corporate Secretary
with a copy (which shall not constitute notice) to:	Hogan Lovells US LLP 100 International Drive, Suite 2000

	Baltimore, MD 21202 Attention: Asher M. Rubin Facsimile: 410-659 2701
If to AnaptysBio:	AnaptysBio, Inc. 10421 Pacific Center Court, Suite 200 San Diego, CA 92121 Attention: Hamza Suria, Chief Executive Officer Facsimile: 858-366-9055
with a copy (which shall not constitute notice) to:	Fenwick & West 1191 Second Avenue, 10th Floor Seattle, WA 98101 Attention: Effie Toshav Facsimile: 206-389-4511

15.7. Severability. Each Party hereby agrees that it does not intend to violate any public policy, statutory or common laws, rules, regulations, treaty or decision of any government agency or executive body thereof of any country or community or association of countries. Should one or more provisions of this Agreement be or become invalid, the Parties hereto shall substitute, by mutual consent, valid provisions for such invalid provisions which valid provisions in their economic effect are sufficiently similar to the invalid provisions that it can be reasonably assumed that the Parties would have entered into this Agreement with such valid provisions. In the event a Party seeks to avoid a material provision of this Agreement upon an assertion that such provision is invalid, illegal or otherwise unenforceable, the other Party shall have the right to terminate this Agreement upon sixty (60) days prior written notice to the asserting Party, unless such assertion is eliminated and cured within such sixty (60) day period. Such a termination shall be deemed a termination by such Party for breach pursuant to Section 14.2.

15.8. Force Majeure. Neither Party shall lose any rights hereunder or be liable to the other Party for damages or losses (except for payment obligations) on account of failure of performance by the defaulting Party if the failure is occasioned by war, strike, fire, Act of God, earthquake, flood, lockout, embargo, governmental acts or orders or restrictions, failure of suppliers, or any other reason where failure to perform is beyond the reasonable control and not caused by the negligence, intentional conduct or misconduct of the non-performing Party and such Party has exerted all reasonable efforts to avoid or remedy such force majeure; provided, however, that in no event shall a Party be required to settle any labor dispute or disturbance.

15.9. Complete Agreement. This Agreement and the Supplemental Information Package, constitute the entire agreement, both written and oral, between the Parties with respect to the subject matter hereof, and all prior agreements respecting the subject matter hereof, either written or oral, express or implied, shall be abrogated, canceled, and are null and void and of no effect. No amendment or change hereof or addition hereto shall be effective or binding on either of the Parties hereto unless reduced to writing and executed by the respective duly authorized representatives of AnaptysBio and TESARO. TESARO, Inc., and TESARO Development, Ltd shall be jointly and severally liable for all obligations of TESARO under this Agreement.

15.10. Headings. The captions to the several Sections hereof are not a part of this Agreement, but are included merely for convenience of reference and shall not affect its meaning or interpretation.

15.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement.

[signature page follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Collaboration and Exclusive License Agreement to be duly executed by their authorized representatives and delivered in duplicate originals effective as of the Effective Date.

TESARO, INC.

By: /s/ Leon O. Moulder, Jr.

Name: Leon O. Moulder, Jr.

Title: Chief Executive Officer

ANAPTYSBIO, INC.

By: /s/ Hamza Suria

Name: Hamza Suria

Title: President & CEO

TESARO DEVELOPMENT, LTD.

By: /s/ Leon O. Moulder, Jr.

Name: Leon O. Moulder, Jr.

Title: Chief Executive Officer

Schedule 12.2(i)
AnaptysBio Patents

[*]

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AMENDMENT NO. 1

TO COLLABORATION AND EXCLUSIVE LICENSE AGREEMENT

This Amendment No. 1 to the Collaboration and Exclusive License Agreement (this "**Amendment**") effective as of November 28, 2014 (the "**Amendment Date**"), is entered into is made by and between (i) **AnaptysBio, Inc.**, a Delaware corporation, having a place of business at 10421 Pacific Center Court, Suite 200, San Diego, California 92121 ("**AnaptysBio**"), and (ii) **TESARO, Inc.**, a Delaware corporation, having a place of business at 1000 Winter Street, Suite 3300, Waltham, Massachusetts 02541 ("**TESARO US**") and **TESARO Development, Ltd.**, a Bermuda corporation, having its principal office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda (together with TESARO US, "**TESARO**").

WHEREAS, the parties previously entered into that certain Collaboration and Exclusive License Agreement dated as of March 10, 2014 (the "Agreement");

WHEREAS, the parties wish to amend the Agreement in certain respects on the terms and conditions set forth herein.

NOW THEREFORE, capitalized terms not defined in this Amendment shall have the meaning ascribed in the Agreement, and the parties hereby agree as follows:

1. Amendment License Fee. Within ten (10) business days following the Amendment Date, TESARO shall pay to AnaptysBio a non-creditable, non-refundable license fee of two million dollars (USD $2,000,000.00).

2. Amendment. The following Sections of the Agreement are hereby amended and replaced in their entirety as follows:

2.1. Section 1 of the Agreement is amended to add the following new definitions:

(a) 1.51 "**[*]**" shall mean [*].

(b) 1.52 "**[*]**" shall mean both [*] and shall be used with respect to a Development Antibody that is specifically designed to cross-react and antagonize both [*].

(c) 1.53 "**[*] Development Program**" shall mean the development program to be conducted in accordance with Section 3 for the development of Development Antibodies generated under the [*] Discovery Program.

(d) 1.54 "**[*] Discovery Program**" shall mean the discovery program to be conducted in accordance with Section 2 for the development of antibodies directed to antagonize both [*].

2.2. Section 1.14, the definition of "Development Programs", is amended to add the [*] Development Program.

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2.3. Section 1.15, the definition of "Discovery Plan", is amended to add Exhibit A-4 to the Supplemental Information Package.

2.4. Section 1.16, the definition of "Discovery Programs", is amended to add the [*] Discovery Program.

2.5. Section 1.41, the definition of "Target(s)", is amended to include [*].

2.6. Section 2.4 is hereby amended by adding the following new sentence immediately following the end of Section 2.4: "Exhibit A-4 to the Supplemental Information Package is hereby added as an additional Discovery Program to be carried out in accordance with this Agreement."

2.7. Section 5.3(a) of the Agreement is hereby amended by adding the following new sentence immediately following the end of Section 5.3(a):

[*]

3. TESARO shall pay AnaptysBio each of the milestone payments set forth in Section 6.3 of the License Agreement [*].

4. Discovery Plan. The Discovery Plan for the [*] Discovery Program shall be added to the Supplemental Information Package as Exhibit A-4, thereto.

5. Press Release. Disclosure of the terms of this Amendment are subject to Section 11.1 of the Agreement, provided that the press release attached to this Amendment as Appendix A shall be jointly released by both Parties promptly following the Amendment Date.

6. Miscellaneous. This Amendment shall be effective for all purposes as of the Amendment Date. Except as expressly modified herein, the Agreement shall continue to remain in full force and effect in accordance with its terms. This Amendment may be executed in counterparts, each of which shall be deemed to be an original and together shall be deemed to be one and the same document.

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IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective duly authorized representatives effective as of the Amendment Date.

TESARO, INC.

By: /s/ Leon O. Moulder, Jr.

Name: Leon O. Moulder, Jr.

Title: Chief Executive Officer

ANAPTYSBIO, INC.

By: /s/ Hamza Suria

Name: Hamza Suria

Title: President & CEO

TESARO DEVELOPMENT, LTD.

By: /s/ Leon O. Moulder, Jr.

Name: Leon O. Moulder, Jr.

Title: Chief Executive Officer

Appendix A

Press Release

FOR RELEASE ON DECEMBER 2, 2014 AT 5:15 AM ET

TESARO AND ANAPTYSBIO EXPAND IMMUNO-ONCOLOGY COLLABORATION TO INCLUDE NOVEL BISPECIFIC ANTIBODY CANDIDATE

—Candidate Will Target Two Undisclosed Immune Checkpoints
—Anti-TIM-3 Antibody Data to be Presented Today at the AACR Conference in Orlando

WALTHAM, MA, and SAN DIEGO, CA – December 2, 2014 – TESARO, Inc. (NASDAQ: TSRO), an oncology-focused biopharmaceutical company, and AnaptysBio, Inc., a privately-held therapeutic antibody company, today announced an expansion of their immuno-oncology collaboration and exclusive license agreement to include development of a novel bispecific antibody candidate designed to target two undisclosed immune checkpoints.

AnaptysBio and TESARO first initiated their collaboration in March of 2014, and have together focused on the development of monospecific antibody drug candidates targeting TIM-3, LAG-3 and PD-1 and dual reactive antibody drug candidates targeting PD-1/TIM-3 and PD-1/LAG-3. Since the beginning of this partnership, Investigational New Drug (IND) enabling preclinical studies of TSR-042 (anti-PD-1 antibody candidate) have been initiated, and additional clinical candidates have been identified, including lead candidates targeting TIM-3 and LAG-3.

“Through our collaboration with AnaptysBio, we are employing a variety of approaches, including monospecific, bispecific and dual specific antibodies, to address some of the most validated and promising immune checkpoint targets,” said Mary Lynne Hedley, president and COO of TESARO. “We are committed to advancing the science of immuno-oncology in order to potentially transform the care of patients with cancer. Our team looks forward to continued collaboration with AnaptysBio on these programs and to the presentation of data describing our anti-TIM-3 antibody candidate at the AACR conference later today in Orlando.”

“AnaptysBio continues to focus on the development of therapeutic antibodies for unmet medical needs in immuno-oncology, inflammation and fibrosis. Our strategic advantage is the ability to rapidly discover and develop therapeutic antibodies against emerging biological targets using the natural somatic hypermutation mechanism encoded within the human immune system,” said Hamza Suria, president and CEO of AnaptysBio. “We are pleased to expand our collaboration with TESARO, and look forward to advancing multiple immuno-oncology antibodies into the clinic.”

Under the terms of this expansion, TESARO will pay AnaptysBio an undisclosed upfront fee and will provide funding for all costs incurred by AnaptysBio related to the development of a clinical antibody candidate. For each program within the collaboration, AnaptysBio is eligible to receive milestone payments if certain research and development events are achieved and additional payments for achievement of certain U.S. and ex-U.S. regulatory submissions and approvals in multiple indications. AnaptysBio will also be eligible to receive royalties related to worldwide net sales of products developed under the collaboration, and may earn certain commercial milestone payments if specified levels of annual worldwide net sales are attained. AnaptysBio and TESARO will together complete preclinical development of the antibody candidates, with

TESARO being solely responsible for all clinical development, manufacturing, regulatory and commercial activities.

AACR Poster Presentation Details

AACR Conference: Tumor Immunology and Immunotherapy: A New Chapter (Orlando) Tuesday, December 2, 2014, 1:15 PM to 3:30 PM, Poster Session A
Abstract title: *Identification and characterization of a potent anti-human TIM-3 antagonist*

This poster will be available following its presentation at: http://www.tesarobio.com/documents/AACRDec2014.pdf

About AnaptysBio

AnaptysBio is a privately-held antibody development company advancing first-in-class programs in immuno-oncology, inflammation and fibrosis. AnaptysBio's proprietary SHM-XEL™ platform, which couples fully human antibody libraries with in vitro somatic hypermutation in mammalian cells to generate high affinity antibodies. replicates key features of the human immune system and overcomes limitations of prior antibody technologies. Multiple antibodies emanating from the AnaptysBio pipeline are currently undergoing IND-enabling studies with potentially transformative clinical read-outs during the 2016-2017 timeframe. For more information, visit www.anaptysbio.com

About TESARO

TESARO is an oncology-focused biopharmaceutical company dedicated to improving the lives of cancer patients by acquiring, developing and commercializing safer and more effective therapeutics. For more information, visit www.tesarobio.com.

TESARO Contact:
Jennifer Davis Sr.
Director, Corporate Development & Investor Relations
+1.781.325.1116 or jdavis@tesarobio.com

AnaptysBio Contact:
Julie Rathbun
+1.206.769.9219 or julie@rathbuncomm.com

To the extent that statements contained in this press release are not descriptions of historical facts regarding TESARO, they are forward-looking statements reflecting the current beliefs and expectations of management made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "expect," "anticipate," "estimate," "intend," and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements. Examples of forward looking statements contained in this press release include, among others, statements regarding our expectations regarding the timing of both the selection of clinical candidates from the programs and the commencement of clinical testing, our development plans for any antibody therapeutic candidates individually and in combination

other products and product candidates, and our ability to form partnerships in the future in support of our overall oncology strategy. Forward-looking statements in this release involve substantial risks and uncertainties that could cause our research and pre-clinical development programs, clinical development programs, future results, performance or achievements to differ significantly from those expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others. the uncertainties inherent in the research and development of therapeutic antibodies, including the selection, pre-clinical testing and manufacturing of antibodies, initiation of future clinical trials, availability of data from ongoing clinical trials, expectations for regulatory approvals, and other matters that could affect the availability or commercial potential of our drug candidates. TESARO undertakes no obligation to update or revise any forward-looking statements. For a further description of the risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of the Company in general, see TESARO's Annual Report on Form 10-K for the year ended December 31, 2013, and Quarterly Report on Form 10-Q for the quarter ended September 30, 2014.

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EXHIBIT 10.12

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

CONFIDENTIAL

LICENSE AGREEMENT

Between

ANAPTYS BIOSCIENCES, INC.
(ANAPTYS)

and

MEDICAL RESEARCH COUNCIL
(MRC)

This Exclusive License Agreement ("Agreement"), is entered into as of the 30th day of August 2006 (hereinafter called "Effective Date"), by and between the MEDICAL RESEARCH COUNCIL ("MRC"), a UK government funded non-departmental body with principal offices at, 20 Park Crescent, London, W1B 1AL, United Kingdom and ANAPTYS BIOSCIENCES, INCORPORATED ("ANAPTYS"), a corporation organized under the laws of Delaware and having a principal place of business at 10931 North Torrey Pines Road, Suite 101, La Jolla, California 92037, United States of America.

RECITALS

WHEREAS, the MRC is the owner of certain Patent Rights (as defined below);

WHEREAS, the MRC is willing to grant a royalty bearing, exclusive license to the Patent Rights to ANAPTYS on the terms and subject to the conditions set forth herein; and

WHEREAS, ANAPTYS desires to obtain said exclusive license under the Patent Rights.

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby expressly agree as set forth below.

1. DEFINITIONS

1.1 "**Affiliates**" means any corporation, partnership, joint venture or other entity of which more than fifty percent (50%) of the voting stock or other equity ownership thereof is owned or controlled by, or under common control with ANAPTYS, or which owns or controls more than fifty percent (50%) of the voting stock or other equity ownership of ANAPTYS.

1.2 "**Confidential Information**" means any confidential information of a Party relating to any use, process, method, compound, research project, work in process, future development, scientific, engineering, manufacturing, marketing, business plan, financial or personnel matter relating to the disclosing Party, its present or future products, sales, suppliers, customers, employees, investors or business, whether in oral, written, graphic or electronic form, which is marked confidential or designated by the disclosing party as being confidential prior to disclosure or which is marked confidential and provided to the other Party within thirty (30) days of such oral disclosure.

1.3 "**Control**" means possession of the ability to grant a license or sublicense as provided for herein without violating the terms of any agreement or other arrangement with any third party.

1.4 "**Covered**", "**Cover**" or "**Covering**" means with respect to Patent Rights, that the making, using, importation, offer for sale, or sale, or the conducting of an activity, in the absence of a license under such Patent Rights would infringe at least one claim of such Patent Rights.

1.5 "**Developing Countries**" shall mean those countries as may be defined from time to time as low income or low middle income by the World Bank – see www.worldbank.org/data/countryclass/class groups.htm at the time of the case by case analysis under Section 2.4.

1.6 "**FDA**" means the United States Food and Drug Administration and any equivalent agency thereto.

1.7 "**Field**" means all fields of use.

1.8 "**First Commercial Sale**" means, with respect to any Product, the first sale of such Product by ANAPTYS, its Affiliates or Sublicenses to customers who are not Affiliates in any country after all applicable marketing and pricing approvals (if any) have been granted by the applicable governing health authority of such country.

1.9 "**First Commercial Service Activity**" means, with respect to any Licensed Method, the date first payment is received by ANAPTYS, its Affiliates or Sublicensees for completion of services provided to customers using Licensed Methods.

1.10 "**IND**" means an Investigational New Drug Application or equivalent application filed to commence human clinical testing of a Licensed Product with the FDA or its foreign equivalent.

1.11 "**Licensed Product(s)**" means a composition, product or device, the manufacture, use, sale, offer for sale or import of which, but for the License, would infringe any Patent Rights in any country were they issued at the time of such manufacture, use, sale, offer for sale or import in that country or a product that is identified and / or developed through the use of methods Covered by Licensed Methods.

1.12 "**Licensed Method(s)**" means any process, art or method the use or practice of which, but for the License, would infringe, induce to infringe or contribute to infringement of, any Patent Rights in any country were they issued at the time of the infringing activity in that country.

1.13 "**Materials**" means relevant cell lines and other materials relating to or necessary to enable ANAPTYS to use the Licensed Products and implement the Licensed Methods at their facilities as specified in Exhibit C attached hereto and to which MRC has the right to transfer.

1.14 "**MRC Specific Method[s]**" means [*].

1.15 "**NDA**" means a New Drug Application, Biological License Application, or Product License Application, as appropriate, filed pursuant to the requirements of the FDA or its foreign equivalent.

1.16 "**Net Sales**" means, with respect to any Licensed Product, [*]

[*]

"**Net Sales**" means, with respect to any Licensed Method, [*].

1.17 "**Parties**" means ANAPTYS and the MRC, each of which, individually, is a "Party."

1.18 "**Patent Rights**" means: (a) the patent applications listed in Exhibit A attached hereto, (b) any corresponding foreign patents and patent applications, (c) any provisionals, substitutions, divisionals, reissues, continuations, continuations-in-part (but only to the extent the claims thereof are enabled by disclosure of the parent application), and (d) any patents issuing from any of the foregoing patent applications.

1.19 "**Phase II Clinical Trial**" shall mean a human clinical trial in any country that is intended to initially evaluate the effectiveness of a product for a particular indication or indications in patients with the disease or indication under study, or that would otherwise satisfy requirements of 21 CFR 312.21(b), or its foreign equivalent.

1.20 "**Phase III Clinical Trial**" means that portion of the clinical development program which provides for the continued trials of a Licensed Product on sufficient numbers of patients to establish its safety and efficacy for the desired claims and indications, as more specifically defined by the rules of the FDA or its equivalent and corresponding rules and regulations in other countries and jurisdictions, and the results of which are intended to be used as the basis for the filing of an NDA or equivalent application to obtain approval to market Licensed Products. For the purposes of this Agreement, "initiation of Phase 3 Trial" for a

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Licensed Product means the first dosing of such Licensed Product in a human patient in a Phase 3 Trial.

1.21 "**Sublicensee**" means any third party licensed by licensee to make, or sell any Licensed Product or use any Licensed Methods in accordance with the terms of this Agreement.

1.22 "**Territory**" means all countries of the world where Patent Rights exist.

1.23 "**Third Party**" shall mean any person other than ANAPTYS and MRC and their respective Affiliates.

2. GRANT

2.1 **License.** MRC hereby grants ANAPTYS an exclusive, royalty-bearing license, including the right to grant sublicenses, under the Patent Rights to make, have made, use, sell, have sold, offer for sale and import Licensed Products and to practice Licensed Methods in the Territory (the "License").

2.2 **Technology Transfer.** Within fifteen (15) calendar days after the Effective Date, MRC will transfer sufficient quantities of relevant cell lines and other Materials listed on Exhibit C (attached hereto) relating to or necessary to enable Anaptys to use the Licensed Products and implement the Licensed Methods at their facilities.

2.3 **Retention of Rights.** MRC retains the right under the Patent Rights to use the Licensed Methods solely for academic research including with academic collaborators. Provided however, that the any such use is:

(a) not supported by a commercial entity or

(b) not in support of any commercial activity and

(c) MRC or its academic collaborators shall disclose to ANAPTYS' all protein products directly generated using the Licensed Methods. MRC, and where appropriate its academic collaborators (if any), and ANAPTYS shall jointly determine whether or not to commercialize each such identified protein product on a case-by-case basis. Notwithstanding such decision, ANAPTYS shall have the first right of refusal to negotiate an exclusive license to commercialize the identified protein products. ANAPTYS shall have one hundred and eighty (180) days after the disclosure of each identified protein product to ANAPTYS to exercise its option and to begin good faith negotiations. If ANAPTYS does not notify MRC, in writing, of its intention to enter into such discussions before such one hundred and eighty (180) day period has expired, MRC and/or its academic collaborators may proceed to commercialize the corresponding identified protein product. To avoid doubt, apart from any delay that may be reasonably required to obtain appropriate intellectual property protection with respect to the results arising from the research conducted under this Section 2.3, any decision to commercialize and/or license an identified protein product shall not prevent or delay the timely publication of such results by the MRC and/or their academic collaborators.

2.4 **Limited use of antibodies for HIV Project by Global HIV Vaccine Enterprise.** Notwithstanding the above, ANAPTYS hereby agrees that, in support of and pursuant to MRC's participation in the collaborative HIV project funded by the Bill and Melinda Gates Foundation, and subject to prior notification to ANAPTYS by the MRC, the MRC may grant certain and limited rights solely to the use of the Licensed Methods for future development of HIV antigen-based vaccines. Unless otherwise agreed to by the Parties, these rights will be strictly limited to the use of antibodies generated by MRC or other members of said HIV project consortium, to identify HIV epitopes which will then be used to develop and/or use, but not be incorporated into, as said HIV vaccines. For clarification, any rights granted hereunder or in any subsequent agreement contemplated below will not extend to any other use of the antibodies generated through this program, including but not limited to use as a vaccine or use as a therapeutic or prophylactic agent. ANAPTYS recognises that the Bill and Melinda Gates Foundation is providing said funding in furtherance of their charitable objective to ensure access to affordable health solutions resulting from said project for the benefit of people most in need within Developing Countries. Therefore, in recognition of such charitable objective, ANAPTYS agrees that the rights to such anti-HIV antibodies, solely for the limited purpose of identifying epitopes for HIV vaccines and as reasonably needed to use such epitope(s) as vaccine(s), will be granted free of consideration where such vaccines are for use in people most in need within Developing Countries. If necessary to ensure development of vaccines for such use in Developing Countries, with ANAPTYS' prior written consent on a case-by-case basis, such rights may be extended on royalty free or minimal royalty basis where it is necessary for such vaccines to be made in other than Developing Countries for eventual use in Developing Countries. To avoid doubt, ANAPTYS shall be free to set other terms and conditions in respect of such rights, provided such terms and conditions are consistent with achieving said charitable objective. Any request made to the MRC to use such HIV antibodies for the development and/or use of said HIV vaccines outside of said HIV Project shall be referred to ANAPTYS. To avoid doubt, the MRC shall not be involved in negotiations between ANAPTYS and any third party wishing to use such anti-HIV antibodies for any purpose related to, but outside of, the collaborative HIV project. Notwithstanding the above, no rights are extended or reserved for the use of any antibodies, as quid pro quo or otherwise, for any developer to make vaccines available without ANAPTYS' prior written approval on a case-by-case basis.

3. DEVELOPMENT EFFORTS

3.1 **Diligence.** ANAPTYS will work to identify, research and/or develop Licensed Methods and Licensed Products for purposes of commercializing such products and methods at least as diligently as ANAPTYS researches and/or develops its products and methods of similar probability of technical success, market / commercial potential and stages of development. Failure by the ANAPTYS to meets its diligence obligation above due to reasons beyond ANAPTYS' control, (including, without limitation, force majeure and/or lack of technical success of Licensed Products, or Licensed Methods if applicable) will not constitute lack of due diligence for purposes of this Agreement ("Commercially Reasonable Efforts").

3.2 **Reporting.** Within sixty (60) days following the first anniversary of the Effective Date, ANAPTYS will provide MRC with annual progress reports which will include a budget and a summary plan for the development of Licensed Products and/or Licensed Methods.

3.3 **Milestones.** ANAPTYS will obtain financing of at least $[*] by [*]. ANAPTYS will enter into at least [*] with another entity by [*].

4. PAYMENTS AND REPORTS

4.1 **License Issue Fee.** Within [*] days following the Effective Date, ANAPTYS will issue to MRC [*] shares of common ANAPTYS stock, and will pay to MRC $[*] as a one time License Issue Fee.

4.2 **License Maintenance Fee.** Following the [*] anniversary of the Effective Date and thereafter on the anniversary of the Effective Date and until the First Commercial Sale of Licensed Products, ANAPTYS will pay MRC an annual License Maintenance fee of $[*].

4.3 **Royalties.**

(a) ANAPTYS will pay MRC royalties as follows:

(i) **Licensed Methods**

[*]

(ii) **Licensed Products** for therapeutic or prophylactic uses in humans or animals

[*]

(iii) **Licensed Products** for non-therapeutic uses:

[*]

(b) All royalties payable under this Section 4.3 shall be subject to the following conditions:

(i) No multiple royalties shall be owed because the use or sale of any Licensed Product or Licensed Methods is covered by more than one valid and unexpired claim contained in the Patent Rights. For clarification, royalties shall only be owed either for a Licensed Product or Licensed Method and solely based upon one of the following sections: 4.3(a)(i) or 4.3(a)(ii) or 4.3(a)(iii) above.

(ii) If ANAPTYS, its affiliate or its Sublicensee is required to obtain a license or patent rights from one or more independent third parties in order to make, have made, use, have used, sell, have sold, offer for sale, import or have imported Licensed Products or Licensed Methods without infringement of such patents, and if the total royalty burden (including royalties payable to MRC) for such Licensed Products or Licensed Methods exceeds, [*], then the royalty rate applicable to Net Sales of such Licensed Product or Licensed Method by ANAPTYS, its affiliates and its Sublicensees payable to MRC shall be adjusted as follows:

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(1) For Licensed Products for therapeutic or prophylactic uses in humans or animals, the royalty rate applicable to Net Sales of such Licensed Product shall be adjusted to the rate determined by [*].

(2) For Licensed Products for non-therapeutic uses, the royalty rate applicable to Net Sales of such Licensed Product shall be adjusted to the rate determined by [*].

(3) For Licensed Methods, the royalty rate applicable to Net Sales of such Licensed Method for the first [*] years following the First Commercial Service Activity shall be adjusted to the rate determined by [*].

(4) For Licensed Methods, the royalty rate applicable to Net Sales of such Licensed Method after the end of the [*] year of First Commercial Service Activity as below shall be adjusted to the rate determined by [*];

provided that (i) in the case of any royalty due on services using Licensed Methods [*], and (ii) any royalty due on services using Licensed Methods, [*]. In no event, however, shall the royalty rate payable to MRC for any Licensed Product, or Licensed Method be reduced by greater than [*]% of the royalty rate otherwise due to the MRC under this provision.

(iii) In the case of any combination product, Net Sales for such Combination Product shall be calculated by multiplying actual Net Sales of such combination product by the fraction A/(A+B) where A is the invoice price of the Licensed Product if sold separately, and B is the total invoice price of the other active ingredient or ingredients in the combination product, if sold separately. If neither the Licensed Product nor the other active ingredient(s) are sold separately, the Parties shall determine Net Sales for such combination product by mutual agreement based on the relative contribution of the Licensed Product and each other active ingredient to the combination product.

(iv) In the event that any patent or claim thereof included within the Patent Rights is held invalid in a final decision by a court of competent jurisdiction and last resort and from which no appeal has or can be taken, or has been pending for more than [*] years without issuance, then all obligation to pay royalties based on that patent or claim or any claim patentably indistinct there from will cease as of the date of final decision or [*] year anniversary. ANAPTYS will not, however, be relieved from paying any royalties that accrued before such final decision or anniversary.

4.4 **Minimum Annual Royalties**

(a) On the [*] anniversary of the First Commercial Sale of Licensed Products, and annually thereafter, ANAPTYS shall pay $[*] to the MRC.

(b) All minimum annual royalty payments shall be creditable against future royalties due to MRC as follows: where actual royalty owed is less than $[*], then the difference ($[*] minus the actual amount owed) may be credited against any future royalty payments owed in excess of the minimum royalty in any one year for a period of [*] years. That is, such amount

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may not be credited against minimum royalty payments such that the minimum royalty payment of $[*] will be payable for any year actual royalties are less than $[*].

4.5 **Milestone Payments.** ANAPTYS will pay to MRC the following milestone payments on Licensed Products upon achievement of the milestones by the ANAPTYS, its affiliates, or their respective Sublicensees. Each of the milestone payments below shall be payable one time per Licensed Product that achieves any such milestone.

(a) $[*]

(b) $[*]

(c) $[*]

(d) $[*]

(e) $[*]

(f) $[*]

4.6 **Sublicense Fee.** ANAPTYS will initially pay to MRC a sub-licensing fee of $[*] upon execution of a sub-license to another party of the Patent Rights under this Agreement for any sub-license executed prior to [*]. Subsequent to [*] the sub-licensing fee payable upon execution of a sub-license to another party of the Patent Rights under this Agreement will be $[*].

5. PAYMENTS

5.1 Payment of the royalties and other payments specified in Section 4, will be made by ANAPTYS to the MRC within [*] days after [*] of each year during the term of this Agreement ("Payment Period") covering the quantity of Licensed Products sold by ANAPTYS, its Affiliates and/or Sublicensees, as appropriate, during the preceding Payment Period or Licensed Methods. After termination or expiration of this Agreement, a final payment will be made by ANAPTYS covering the whole or partial Payment Period. Each annual payment will be accompanied by a written statement of Net Sales of Licensed Products by ANAPTYS, its Affiliates and/or Sublicensees, as appropriate. Such written statements will be duly signed by an authorized officer of ANAPTYS on behalf of ANAPTYS and will show the Net Sales of Licensed Products by ANAPTYS, its Affiliates and/or Sublicensees, as appropriate, during such Payment Period and the amount of royalties payable under this Agreement based thereon.

5.2 Such amount shall be determined from the books and records of ANAPTYS, maintained in accordance with U.S. Generally Accepted Accounting Principles. ANAPTYS shall be entitled to deduct the amount of any withholding taxes, value-added taxes or other taxes, levies or charges with respect to such amounts, other than United States taxes, payable by ANAPTYS, or any taxes required to be withheld by ANAPTYS, to the extent ANAPTYS pays to the appropriate governmental authority on behalf of MRC such taxes, levies or charges. ANAPTYS shall use reasonable efforts to minimize any such taxes, levies or charges required to be withheld on behalf of MRC by ANAPTYS. ANAPTYS promptly shall deliver to MRC proof

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of payment of all such taxes, levies and other charges, together with copies of all communications from or with such governmental authority with respect thereto.

5.3 **Form of Payment.** All payments due hereunder are expressed in and will be paid by wire transfer or check payable in United States Dollars, without deduction of exchange, collection or other charges, to the MRC, or to the account of the MRC at such other bank as the MRC may from time to time designate by written notice to ANAPTYS.

5.4 **Exchange Rate.** With respect to each quarter, for countries other than the United States, whenever conversion of payments from any foreign currency is required, such conversion will be made at the rate of exchange reported in The Wall Street Journal on the last business day of the applicable calendar year.

5.5 **Records and Inspection.** ANAPTYS will maintain or cause to be maintained a true and correct set of records pertaining to the Net Sales of Licensed Products and Licensed Methods by ANAPTYS. During the term of this Agreement and for a period of [*] years thereafter, ANAPTYS agrees to permit an independent certified public accountant selected and paid by the MRC and reasonably accepted to ANAPTYS to have reasonable access during ordinary business hours to such records as are maintained by ANAPTYS as may be necessary, in the opinion of such accountant, to determine the correctness of any report and/or payment made under this Agreement. Such audits may be exercised no more than once in any [*] month period upon at least [*] days prior written notice to ANAPTYS. Should an audit show that payments are [*] percent ([*]%) or more below that reported then ANAPTYS shall reimburse MRC for reasonable direct costs of the audit reimbursed to the auditor.

6. PATENTS

6.1 **Prior Patent Costs.** ANAPTYS will reimburse MRC for all past patent costs (prior to the Effective Date); *provided, however,* that reimbursement for costs incurred prior to the Effective Date shall be payable in installments of $[*] a year, the first payment being due within [*] days of signing, and the subsequent payments being made on each anniversary of the Effective Date over the first [*] years of the license granted under this Agreement, with any outstanding balance paid on the [*] anniversary of the Effective Date. ANAPTYS will also pay all future patent costs incurred from and after the Effective Date for the prosecution and maintenance of the Patent Rights (to the extent such costs have not been previously reimbursed).

6.2 **Patent Prosecution.**

(a) Within a reasonably practical time following the Effective Date, but in no event not longer than sixty (60) days after such date ("Prosecution Transfer Period"), ANAPTYS shall at its own expense be solely responsible for maintaining and prosecuting the Patent Rights including for the avoidance of doubt all annuity and renewal fees and for the conduct of any claims or proceedings relating to the Patent Rights including any interference, opposition, infringement or revocation proceedings. ANAPTYS shall have sole responsibility for the appointment or otherwise of a patent agent and in deciding upon the scope and geographical extent to which any patent may be filed after written agreement from MRC. During the Prosecution Transfer Period, MRC will be solely responsible for (i) making all payments and

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maintaining all prosecution such that there are no losses of Patent Rights, (ii) timely transfer all files related to the Patent Rights, and (iii) timely file all documents necessary to affect the transfer to ANAPTYS and enable ANAPTYS to assume its responsibilities under this Section 6.2. For avoidance of doubt, ANAPTYS will pay all costs incurred by MRC during the Prosecution Transfer Period for the prosecution and maintenance of the Patent Rights (to the extent such costs have not been previously reimbursed).

(b) Should ANAPTYS decide that it does not wish to prosecute, maintain or defend the Patent Rights or any part thereof it shall give MRC not less than sixty (60) days notice of that decision before any critical time period and thereafter MRC may in its sole discretion and at its own costs and expense prosecute, maintain or defend the Patent Rights or any part thereof. If MRC so decides to prosecute, maintain or defend the Patent Rights or any part thereof ANAPTYS shall promptly arrange for its patent attorneys to transfer to MRC all relevant papers, files and other documents.

(c) ANAPTYS agrees to keep MRC informed on major or key prosecution issues of the Patent Rights and arrange for MRC to be sent copies of any patent correspondence upon request of MRC. Any action relating to the prosecution of the continuing applications must be notified to MRC at least thirty (30) days (or the maximum possible if at least thirty 30 days notice are not available to ANAPTYS) prior to any submission to any patent office for MRC's review. In the event that MRC has a concern regarding the submission, the Parties will discuss to mutually resolve any potential conflict or material impact to the parent patent applications in the Patent Rights.

6.3 **Patent Enforcement.**

(a) Each of MRC and ANAPTYS shall as soon as practicable after it becomes aware thereof give to the other in writing reasonable particulars of any use or proposed use or threat of the same by another person in any country which in that Party's view amounts to or might amount to an infringement of the Patent Rights in such country. ANAPTYS shall at its own expense and with legal counsel of its own choice, bring suit (or take other appropriate legal action) against any actual, alleged or threatened infringement of the Patent Rights. MRC will cooperate with ANAPTYS and name ANAPTYS as a party if required for ANAPTYS to bring the suit. MRC shall cooperate fully with ANAPTYS and shall endeavor to cause the appropriate MRC scientists to cooperate with ANAPTYS at the request of ANAPTYS, including by giving testimony and producing documents lawfully requested in the prosecution of any suit by ANAPTYS for infringement of the MRC Patents; provided, that ANAPTYS shall pay all reasonable expenses (including attorneys' fees) incurred by MRC in connection with such cooperation.

(b) If ANAPTYS does not wish to undertake such action MRC shall have the right (but not the obligation) to undertake proceedings at its own expense and with legal counsel of its own choice. Any damages, monetary awards or other amount recovered, whether by judgment or settlement, pursuant to any suit, proceeding or other legal action taken under this section shall be to the account of the Party bringing and prosecuting the same.

7. CONFIDENTIALITY

7.1 **Treatment of Confidential Information.** During the term of this Agreement, and for a period of five (5) years after this Agreement expires or terminates, a Party receiving Confidential Information of the other Party will (i) maintain in confidence such Confidential Information to the same extent such receiving Party maintains its own proprietary information (but at a minimum each Party shall use reasonable efforts); (ii) not disclose such Confidential Information to any Third Party without prior written consent of the other Party; and (iii) not use such Confidential Information for any purpose except those permitted by this Agreement. A Party shall have no such obligation with respect to any portion of such Confidential Information which:

(a) is publicly disclosed by the disclosing Party, or is otherwise publicly disclosed without the fault of the receiving Party, either before or after it becomes known to the receiving Party; or

(b) was known to the receiving Party prior to when it was received from the disclosing Party, as evidence by contemporaneous written records; or

(c) is subsequently disclosed to the receiving Party in good faith by a Third Party who has a right to make such a disclosure; or

(d) has been published by a third party which had a right to do so; or

(e) has been independently developed by the receiving Party without the aid, application or use of Confidential Information from the disclosing Party; or

(f) is required by law to be disclosed, but then only to the limited extent of such legally required disclosure; provided, however, that the other Party shall be given prompt notice of any such legally required disclosure.

7.2 **Publicity.** Any publication, news release or other public announcement that discloses or refers to this Agreement or to the performance thereof, shall first be reviewed and approved by both Parties, which approval shall not be unreasonably withheld. Either Party shall be entitled to disclose the substance of this Agreement to its shareholders, potential investors, sublicensees, or research collaboration partners (and to prospective shareholders to whom its stock is offered for purchase) under a confidentiality agreement consistent with this Agreement. Each Party shall also be entitled to provide a copy of this Agreement to the Securities and Exchange Commission (if required).

7.3 **Terms of this Agreement.** Except as otherwise provided in Section 7.1 above, neither Party shall disclose any terms or conditions of this Agreement to any Third Party without the prior written consent of the other Party. Notwithstanding the foregoing, prior to execution of this Agreement, the Parties shall agree upon the substance of information that can be used to describe the terms of this transaction, and each Party may disclose such information, s modified by mutual agreement from time to time, without the other Party’s consent.

8. TERM AND TERMINATION

8.1 **Term.** Unless earlier terminated as hereinafter provided, this Agreement shall expire upon the later of (i) ten (10) years from the First Commercial Sale of a Licensed Product by ANAPTYS, or First Commercial Service Activity or (ii) the expiration of the last to expire patent within the Patent Rights.

8.2 **Termination.**

(a) ANAPTYS may terminate this Agreement for any reason following sixty (60) day written notice.

(b) A Party may terminate this Agreement upon or after the breach of any material provision of this Agreement by the other Party, if the breaching Party has not cured such breach within sixty (60) days after notice thereof from the other Party; provided, however, that if the breach is due to ANAPTYS' failure to pay under Section 4 or complete a milestone in Section 3.3, MRC shall provide an additional notice of failure to pay or meet milestone and allow ANAPTYS a second sixty (60) day period to cure such breach. If ANAPTYS fails to cure such breach during the second sixty (60) day period, MRC shall provide a third and final notice of failure to pay and allow ANAPTYS a third and final sixty (60) day period to cure such breach prior to any termination hereunder.

8.3 **Default for Bankruptcy.** Each Party will have the right, at its option, to terminate this Agreement in the event that the other Party (i) shall file in court or agency pursuant to any applicable state or federal petition in bankruptcy (other than dissolution or winding up for the purposes of reconstruction or amalgamation) or if such Party is served with an involuntary petition in bankruptcy, or (ii) makes an assignment of all or substantially all of its assets for the benefit of creditors, or (iii) in the event that a receiver or trustee is appointed for the other Party and such Party will, after the expiration of thirty (30) days following any of the events enumerated above, be unable to secure a dismissal, stay or other suspension of such proceedings.

8.4 In the event of termination of this Agreement, all Patent Rights licensed to ANAPTYS will revert to the MRC.

8.5 **Survival of Certain Sublicenses.** Sublicenses granted by a defaulting Party to a Third Party will survive termination of the defaulting Party's license under Section 8.1(b), provided however, that (i) such Third Party is not the cause of the default, (ii) such Third Party is not in breach of, and continues to fully perform all obligations under its sublicense agreement and any surviving provisions in this Agreement applicable to such sublicensee and (iii) the terminating Party continues to receive from such Third Party all royalty payments set forth in Section 4.3.

8.6 **Survival.** Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing prior to such expiration or termination. No termination or expiration of this Agreement will constitute a termination or a waiver of any rights of either Party against the other Party accruing at or prior to the time of such termination. The obligations

and rights of the Parties under Sections 5.5, 7, 8.5, 13, and 15 shall survive termination or expiration of this Agreement.

9. INDEMNITY

9.1 ANAPTYS hereby agrees to indemnify and hold harmless the MRC and its directors, officers, researchers, scientists, employees and agents (collectively, the "MRC Indemnities") from and against any losses, claims, damages, costs, and expenses (collectively, "Losses") incurred in connection with or arising from (i) any product liability or similar claim asserted by any party as to any Licensed Products; (ii) any claims arising from ANAPTYS' or ANAPTYS' Sublicensee's use of any Licensed Methods; (iii) any claims for death, personal injury or related property damage arising from the manufacture, sale, marketing, distribution or use of any Licensed Products; but excluding Losses arising from or relating to the breach of this Agreement by the MRC or the gross negligence or willful misconduct of the MRC Indemnities. Without limiting the generality of the foregoing, such indemnity obligation shall apply to any product liability or other claims, including without limitation, personal injury, death or property damage, made by employees, subcontractors, or agents of ANAPTYS, as well as by any customer, patient, hospital, doctor, or member of the general public who buys or uses a Licensed Product.

10. REPRESENTATIONS AND WARRANTIES

10.1 **Due Authorization.** Each Party hereby represents and warrants that such Party is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder.

10.2 **Binding Obligation.** Each Party hereby represents and warrants that this Agreement is a legal and valid obligation binding upon it and is enforceable in accordance with its terms. The execution, delivery and performance of this Agreement by such Party does not conflict with any agreement, instrument, or understanding, oral or written, to which it is a party or by which it may be bound, nor violate any law or regulation or any court, government body or administrative or other agency having authority over it.

10.3 **Consents.** Each Party hereby represents all necessary consents, approvals and authorizations of all governmental authorities and other persons required to be obtained by such Party in connection with this Agreement have been obtained.

10.4 **No Conflict.** Each Party hereby represents the execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not conflict with or violate any requirement of applicable laws or regulations and (b) do not conflict with, or constitute a default under, any contractual obligation of such Party.

10.5 **Disclosure.** MRC represents that it has provided ANAPTYS with all documents and information under its custody or control regarding the Patent Rights necessary for ANAPTYS to determine the scope, ownership, validity and enforcement of the Patent Rights. MRC further represents that the Patent Rights include all rights owned or controlled by MRC that are necessary for ANAPTYS to commercialize Licensed Products and Licensed Methods.

11. DISCLAIMER OF WARRANTIES

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE MRC MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY, REGARDING OR WITH RESPECT TO THE LICENSED METHODS OR LICENSED PRODUCTS.

12. LIMITATION OF LIABILITY

NEITHER PARTY WILL BE ENTITLED TO RECOVER FROM THE OTHER PARTY ANY SPECIAL, INCIDENTAL, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT OR ANY LICENSE GRANTED HEREUNDER.

13. ASSIGNABILITY

13.1 Except as provided in Section 13.2 below, ANAPTYS may assign this Agreement to another entity only with the prior written consent of the MRC, which consent shall not be unreasonably withheld or delayed.

13.2 Notwithstanding anything herein to the contrary, in the event ANAPTYS merges with another entity or is acquired by another entity, ANAPTYS may assign its rights and obligations hereunder to the surviving entity without the MRC's consent so long as ANAPTYS is not then in material breach of this Agreement and ANAPTYS provides written notice of the assignment to the MRC, at least fifteen (15) days prior to the effective date of the assignment.

14. GOVERNMENTAL COMPLIANCE

14.1 **Compliance with Laws.** ANAPTYS will at all times during the term of this Agreement and for so long as it sells imports, exports, manufactures, uses, distributes, markets or otherwise commercially exploits Licensed Products comply with all laws that control the import, export, manufacture, use, sale, marketing, distribution and other commercial exploitation of Licensed Products or any other activity undertaken pursuant to this Agreement.

14.2 **Governmental Approval or Registration.** If this Agreement or any associated transaction is required by the law of any nation to be either approved or registered with any governmental agency, ANAPTYS shall assume all legal obligations to do so. ANAPTYS shall notify the MRC if it becomes aware that this Agreement is subject to a United States of America or other government reporting or approval requirement. ANAPTYS shall make all necessary filings and pay all costs including fees, penalties, and all other out-of-pocket costs associated with such reporting or approval process.

15. GOVERNING LAW

15.1 **Law.** This Agreement will be governed by, and will be construed and enforced in accordance with, the laws of England.

15.2 **Jurisdiction.** This Agreement is performable in part in San Diego County, California, and the Parties mutually agree that personal jurisdiction and venue will be proper in the state and federal courts situated in San Diego County, California, and hereby consent to such exclusive jurisdiction and venue.

16. NOTICES

Any payment, notice or other communication pursuant to this Agreement will be mailed by first class, certified or registered mail, postage prepaid, or delivered by overnight delivery service addressed as follows or to such other address designated by written notice given to the other Party:

In the case of the MRC:

Graham Wagner
Associate Director, Licensing and Agreements
Medical Research Council Technology
20 Park Crescent
London, W1B 1AL
United Kingdom

In the case of ANAPTYS:

William James Boyle
President and Chief Science Officer
ANAPTYS Biosciences, Inc.
10931 North Torrey Pines Road
La Jolla, CA 92037

Any such payment, notice or other communication will be effective upon receipt.

17. GENERAL PROVISIONS

17.1 **Independent Contractors.** The Parties hereby acknowledge and agree that each is an independent contractor and that neither Party will be considered to be the agent, representative, master or servant of the other Party for any purpose whatsoever, and that neither Party has any authority to enter into a contract, to assume any obligation or to give warranties or representations on behalf of the other Party without the prior written consent of the other Party. Nothing in this relationship will be construed to create a joint venture, agency, partnership, fiduciary or other similar relationship between the Parties.

17.2 **Non-Waiver.** The Parties covenant and agree that if a Party fails or neglects for any reason to take advantage of any of the terms provided for the termination of this Agreement

or if a Party, having the right to declare this Agreement terminated, will fail to do so, any such failure or neglect by such Party will not be a waiver or be deemed or be construed to be a waiver of any cause for the termination of this Agreement subsequently arising, or as a waiver of any of the terms, covenants or conditions of this Agreement or of the performance thereof. None of the terms, covenants and conditions of this Agreement may be waived by a Party except by its written consent.

17.3 **Reformation.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability will not invalidate or render unenforceable such provision in any other jurisdiction. Should any provision of this Agreement be so held to be unenforceable, such provision, if permitted by law, will be considered to have been superseded by a legally permissible and enforceable clause which corresponds most closely to the intent of the Parties as evidenced by the provision held to be unenforceable.

17.4 **Force Majeure.** Except for the payment of any amounts due under this Agreement, no liability hereunder will result to a Party by reason of delay in performance caused by force majeure, that is circumstances beyond the reasonable control of the Party, including, without limitation, acts of God, fire, flood, war, civil unrest, labor unrest, or shortage of or inability to obtain material as equipment.

17.5 **Entire Agreement.** The terms and conditions herein constitute the entire agreement between the Parties and will supersede all previous agreements, either oral or written, between the Parties hereto with respect to the subject matter hereof. No agreement or understanding bearing on this Agreement will be binding upon either Party hereto unless it is in writing and signed by the duly authorized officer or representative of each of the Parties and it expressly refers to this Agreement.

17.6 **Headings.** The headings for each Section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular Section.

17.7 **Counterparts.** This Agreement may be signed in two (2) or more counterparts, each of which will be deemed an original, but all of which together will constitute one (1) and the same instrument. Signatures may be transmitted by facsimile, thereby constituting the valid signature and delivery of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement by their duly authorized officers and representatives effective as of the Effective Date.

MEDICAL RESEARCH COUNCIL

By: /s/ Graham L Wagner
Name: Graham L Wagner
Title: Associate Director Licensing and Agreements
Medical Research Council Technology
Date: 4th September 2006

ANAPTYS BIOSCIENCES, INC.

By: /s/ Bill Boyle
Name: Bill Boyle
Title: President

Date: 23-Aug-2006

[SIGNATURE PAGE MRC / ANAPTYS LICENSE AGREEMENT]

Exhibit A

	Patent Rights
[*]	[*]

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EXHIBIT B

Competing Technology

[*]

***Confidential Treatment Requested.**

EXHIBIT C

Technology Transfer Materials

[*]

***Confidential Treatment Requested.**

FIRST AMENDMENT TO LICENSE AGREEMENT

THIS FIRST AMENDMENT TO LICENSE AGREEMENT (the "***Amendment***") is entered into and effective as of March 31, 2008 (the "***Amendment Date***") for the purpose of amending that certain License Agreement dated August 30, 2006 (the "***Agreement***") by and between the **MEDICAL RESEARCH COUNCIL**, a UK government funded non-departmental body with principal offices at 20 Park Crescent, London, W1B 1AL, United Kingdom (the "***MRC***"); and **ANAPTYS BIOSCIENCES, INC.**, a Delaware corporation having a principal place of business at 10931 North Torrey Pines Road, Suite 101, La Jolla, California 92037, United States of America ("***Anaptys***"). Capitalized terms used but not otherwise defined herein shall have the meanings provided in the Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the MRC and Anaptys agree as follows:

1. New Defined Terms. The following terms shall have the respective meanings set forth below for purposes of this Amendment:

(a) "***Antibody Services***" shall mean [*].

(b) "***Modified Third Party Antibody***" shall mean [*].

(c) "***Third Party Antibody***" shall mean [*].

(d) "***Anaptys-Controlled Antibody***" shall mean [*].

2. Amendment of "Licensed Product(s)" Definition. Section 1.11 of the Agreement is hereby amended and restated to read in its entirety as follows:

"1.11 "**Licensed Product(s)**" means a composition, product or device (i) the manufacture, use, sale, offer for sale or import of which, but for the License, would infringe any Patent Rights in any country were they issued at the time of such manufacture, use, sale, offer for sale or import in that country or (ii) which is an antibody initially discovered using Licensed Methods (whether Anaptys or a third party controls such antibody) or (iii) is an Anaptys-Controlled Antibody resulting from Licensed Method-based affinity maturation of antibodies initially discovered without using Licensed Methods."

3. Amendment of "Net Sales" Definition. Section 1.16 of the Agreement is hereby amended and restated to read in its entirety as follows:

"1.16 "**Net Sales**" means, [*]

[*]

4. Amendment of "Sublicensee" Definition. Section 1.21 of the Agreement is hereby amended and restated to read in its entirety as follows:

"1.21 "**Sublicensee**" means any Third Party to which Anaptys grants a sublicense under the Patent Rights to make or sell any Licensed Product in the Territory or use Licensed Methods in the Territory in accordance with the terms of this Agreement."

5. Amendment of Section 3.2. Section 3.2 is hereby amended and restated to read in its entirety as follows:

"3.2 **Reporting**. Within sixty (60) days following the first anniversary of the Effective Date and each subsequent anniversary thereof during the term of this Agreement, Anaptys will provide MRC with annual progress reports which will include a summary budget and a summary plan for the development of Licensed Products and/or Licensed Methods; *provided*, *however*, that, in lieu of the summary budget specified in this clause, Anaptys may provide to MRC a written certification by an Anaptys officer that Anaptys' budget for the twelve (12) months after such anniversary allocates at least $[*] to the development and/or commercialization of Licensed Products and/or Licensed Methods."

6. Elimination of Section 4.2. Section 4.2 of the Agreement is hereby deleted in its entirety and shall be of no further force or effect.

7. Amendment of Section 4.3(a). Paragraph (a) of Section 4.3 is hereby amended and restated to read in its entirety as follows:

"(a) Anaptys will pay MRC royalties as follows:

(i) **Licensed Products – Therapeutic, *In Vivo* Diagnostic or Prophylactic Uses**. For Licensed Products for therapeutic, prophylactic and/or in vivo diagnostic uses in humans or animals, Anaptys will pay MRC:

(1) [*] of that portion of annual Net Sales of Licensed Products up to $[*];

(2) [*] of that portion of annual Net Sales of Licensed Products from over $[*]; and

(3) [*] of that portion of annual Net Sales of Licensed Products over $[*].

(ii) **Licensed Products – Other Uses**. For Licensed Products for non-therapeutic, non-prophylactic and non-in vivo diagnostic uses: [*] of worldwide annual Net Sales of such Licensed Products for non-therapeutic, non-prophylactic and non-in vivo diagnostic uses.

(iii) **Modified Third Party Antibodies; Antibody Services**. Notwithstanding the preceding provisions of this Section 4.3(a) or any other provision of this Agreement to the contrary, the only amounts payable to MRC with respect to Modified Third Party Antibodies and/or Antibody Services are those set forth in this Section 4.3(a)(iv). Beginning

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on the second anniversary of the Effective Date and on each anniversary thereof during the term of this Agreement, Anaptys shall pay to the MRC a flat annual fee of $[*] (each, an "Annual Fee"), which shall be payable regardless of whether Anaptys actually (A) performs any Antibody Services during the applicable year and/or (B) receives any consideration with respect to any Modified Third Party Antibody or Antibody Services during such year.

For the avoidance of doubt, no royalties or consideration other than the Annual Fee shall be payable to the MRC with respect to Antibody Services, or with respect to any Modified Third Party Antibody."

8. Amendment of Section 4.3(b). The second sentence of subparagraph (i) of paragraph (b) of Section 4.3 is hereby deleted.

9. Amendment of Section 4.5. Section 4.5 of the Agreement is hereby amended and restated to read in its entirety as follows:

"4.5 **Milestone Payments**. Anaptys will pay to MRC the following non-refundable milestone payments on Licensed Products on achievement of the milestones by Anaptys, its Affiliates or their respective Sublicensees. Each of the milestone payments below shall be payable one time per Licensed Product that achieves any such milestone.

(a) $[*];

(b) $[*];

(c) $[*];

(d) $[*]; and

(e) $[*]."

10. Amendment of Section 4.6. Section 4.6 of the Agreement is hereby amended and restated to read in its entirety as follows:

"4.6 **Sublicense Fee**. Anaptys will pay to MRC a sublicense fee of $[*] for each sublicense it grants to a Sublicensee under the Patent Rights to make or sell Licensed Products for therapeutic, prophylactic and/or in vivo diagnostic uses in humans or animals. For purposes of clarification, the foregoing sublicense fee shall be payable on a Sublicensee-by-Sublicensee basis and shall be due within thirty (30) days after the grant of a sublicense to the applicable Sublicensee."

11. Amendment of Section 5.1. The first sentence of Section 5.1 is hereby amended and restated to read in its entirety as follows:

"Payment of royalties under the applicable provisions of Section 4.3(a) will be made by Anaptys to the MRC on an annual basis within ninety (90) days after the end of the

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twelve-month period ending December 31 (each, a "Payment Period") covering the quantity of Licensed Products and Licensed Methods sold by Anaptys, its Affiliates and/or Sublicensees, as appropriate, during the applicable Payment Period. Payment of any other amount due under Section 4 will be made by Anaptys to the MRC within forty-five (45) days after such amount becomes due."

12. Amendment of Section 6.3(a). The second sentence of paragraph (a) of Section 6.3 of the Agreement is hereby amended and restated to read in its entirety as follows:

"Anaptys shall have the first right (but not the obligation) to bring suit (or take other appropriate legal action) against any actual, alleged or threatened infringement of the Patent Rights, at its own expense and with legal counsel of its own choice."

13. Amendment of Section 7.1. Paragraphs (b) through (f) of Section 7.1 of the Agreement are hereby deleted and replaced in their entirety with the following:

"(b) was known to the receiving Party (other than under an obligation of confidentiality) prior to when it was received from the disclosing Party, as evidenced by contemporaneous written records; or

(c) is subsequently disclosed to the receiving Party on a non-confidential basis in good faith by a Third Party who has a right to make such a disclosure; or

(d) has been published by a Third Party which had a right to do so; or

(e) has been independently developed by the receiving Party without the aid, application or use of Confidential Information from the disclosing Party.

In addition, and notwithstanding the preceding provisions of this Section 7.1, the receiving Party may, without breaching its obligations hereunder, disclose such Confidential Information as is required by law to be disclosed, but then only to the limited extent of such legally required disclosure; provided, however, that the receiving Party shall give prompt written notice to the disclosing Party of such legally required disclosure and, at the disclosing Party's request and expense, shall cooperate, as far as it is reasonably able to do so, with the disclosing Party's lawful efforts to contest such required disclosure or to obtain a protective order or other confidential treatment of the information required to be disclosed."

14. Amendment of Section 7.2. A new sentence is hereby added to the end of Section 7.2, reading in its entirety as follows:

"In addition, and notwithstanding the preceding provisions of this Section 7.2, each Party shall be free to disclose via any medium, without the other Party's prior written consent, the existence of this Agreement, the identity of the other Party, and those terms of, or other matters relating to, this Agreement which have already been publicly disclosed with the other Party's approval."

15. Amendment of Section 8.1. Section 8.1 of the Agreement is hereby amended and restated to read in its entirety as follows:

"8.1 **Term**. Royalties under Section 4.3 of the Agreement shall be payable on a Licensed Product-by-Licensed Product or Licensed Method-by-Licensed Method and country-by-country basis in the Territory until the later of [*]. Unless earlier terminated as hereinafter provided, this Agreement shall expire upon [*]."

16. Amendment of Section 8.5. Section 8.5 of the Agreement is hereby amended and restated to read in its entirety as follows:

"8.5 **Survival of Certain Sublicenses**. Sublicenses granted by Anaptys to a Third Party will survive termination of Anaptys' license as a result of termination of this Agreement by the MRC for breach by Anaptys pursuant to Section 8.2(b); *provided*, however, that (i) such Third Party is not the cause of such breach, (ii) such Third Party agrees in writing to assume all applicable obligations of Anaptys under this Agreement, and (iii) the MRC continues to receive from such Third Party all payments under Section 4.3 that MRC would have received from Anaptys with respect to such Third Party's activities had this Agreement remained in effect."

17. Amendment of Section 13.2. Section 13.2 of the Agreement is hereby amended and restated to read in its entirety as follows:

"13.2 Notwithstanding anything herein to the contrary, Anaptys may assign this Agreement and its rights and obligations hereunder without the MRC's consent in connection with the transfer or sale of all or substantially all of Anaptys' business to which this Agreement relates to a Third Party, whether by merger, sale of stock, sale of assets or otherwise, so long as Anaptys is not in material breach of this Agreement and Anaptys provides prompt written notice of the assignment to the MRC."

18. Entire Agreement. The Agreement, as amended by this Amendment, embodies the entire understanding of the Parties and shall supersede all previous communications, representations and understandings, whether oral, written or otherwise, between the Parties relating to the subject matter hereof. Except as specifically amended by this Amendment, the terms and conditions of the Agreement shall remain in full force and effect.

19. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original document, and all of which, together with this writing, shall be deemed one instrument.

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IN WITNESS WHEREOF, the Parties hereto have duly executed this Amendment as of the Amendment Date.

MEDICAL RESEARCH COUNCIL

By: /s/ Graham L Wagner
Name: Graham L Wagner
Title: Associate Director Licensing and Agreements
Medical Research Council Technology

ANAPTYS BIOSCIENCES, INC.

By: /s/ Tom Smart
Name: Tom Smart
Title: Chairman and CEO

SECOND AMENDMENT TO LICENSE AGREEMENT

THIS SECOND AMENDMENT TO LICENSE AGREEMENT (the "***Amendment***") is entered into and effective as of October 27, 2009 (the "***Amendment Date***") for the purpose of amending that certain License Agreement dated August 30, 2006, as amended by that certain First Amendment to License Agreement dated March 31, 2009 (collectively, the "***Agreement***"), by and between the **MEDICAL RESEARCH COUNCIL**, a UK government funded non-departmental body with principal offices at 20 Park Crescent, London, W1B 1AL, United Kingdom (the "***MRC***"); and **ANAPTYSBIO, INC.** (formerly known as Anaptys Biosciences, Inc.), a Delaware corporation having a principal place of business at 10835 Road to the Cure, Suite 100, San Diego, California 92121, United States of America ("***AnaptysBio***"). Capitalized terms used but not otherwise defined herein shall have the meanings provided in the Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the MRC and AnaptysBio agree as follows:

1. Patent Rights. Exhibit A to the Agreement is hereby amended and restated to read in its entirety as set forth in Appendix 1 attached to this Amendment.

2. Addition of New Section 2.5. A new Section 2.5 is hereby added to the Agreement:

> **"2.5 Limited Use of Specified Patent Rights**. Notwithstanding the above, the license to use Patent No. [*] set forth on Exhibit A (the "Specified Patent Rights") shall not include [*]."

3. Fee. Within thirty (30) days following the Amendment Date, AnaptysBio shall pay MRC a one-time fee of $[*]. For purposes of clarification, this fee is in addition to the amounts payable by AnaptysBio to MRC pursuant to the Agreement.

4. Materials. MRC agrees to provide AnaptysBio materials, as listed on Appendix 2 attached hereto, promptly following the Amendment Date, which shall be included under the definition of Materials.

5. Entire Agreement. The Agreement, as amended by this Amendment, embodies the entire understanding of the Parties and shall supersede all previous communications, representations and understandings, whether oral, written or otherwise, between the Parties relating to the subject matter hereof. Except as specifically amended by this Amendment, the terms and conditions of the Agreement shall remain in full force and effect.

6. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original document, and all of which, together with this writing, shall be deemed one instrument.

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IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized representatives or officers as of the Amendment Date.

MEDICAL RESEARCH COUNCIL

By: /s/ Graham L Wagner
Name: Graham L Wagner
Title: Associate Director Licensing and Agreements
Medical Research Council Technology

ANAPTYSBIO, INC.

By: /s/ Tom Smart
Name: Tom Smart
Title: Chairman and CEO

Appendix 1

AMENDMENT AND RESTATEMENT OF EXHIBIT A TO LICENSE AGREEMENT

Patent Rights

[*] [*]

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Appendix 2

MATERIALS

[*]

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THIRD AMENDMENT TO LICENSE AGREEMENT

THIS THIRD AMENDMENT TO LICENSE AGREEMENT (the "***Amendment***") is entered into and effective as of October 7th, 2010 (the "***Amendment Date***") for the purpose of amending that certain Lease Agreement dated August 30, 2006, as amended by that certain First Amendment to License Agreement dated March 31, 2008, and that certain Second Amendment to License Agreement dated October 27, 2009 (collectively, the "***Agreement***"), by and between the **MEDICAL RESEARCH COUNCIL**, a UK government funded non-departmental body with principal offices at 20 Park Crescent, London, W1B 1AL, United Kingdom (the "***MRC***"); and **ANAPTYSBIO, INC.** (formerly known as Anaptys Biosciences, Inc.), a Delaware corporation having a principal place of business at 10835 Road to the Cure, Suite 100, San Diego, California 92121, United States of America ("***AnaptysBio***"). Capitalized terms used but not otherwise defined herein shall have the meanings provided in the Agreement.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the MRC and AnaptysBio agree as follows:

1. Amendment of "Antibody Services" Definition. The definition of "Antibody services" is hereby amended and restated to read in its entirety as follows:

> "**Antibody Services**" shall mean any use of Licensed Methods in the Territory to perform services on behalf of a Third Party with respect to a Third Party Molecule, including, but not limited to, services directed to discovery, generation, affinity maturation, or modification of such Third Party Molecule.

2. Amendment of "Licensed Method(s)" Definition. The definition of "Licensed Method(s)" is hereby amended and restated to read in its entirety as follows:

> "**Licensed Method(s)**" shall mean any process, art or method the use or practice of which is within the scope of the Patent Rights.

3. Amendment of "Licensed Product(s)" Definition. The definition of "Licensed Product(s)" is hereby amended and restated to read in its entirety as follows:

> "**Licensed Product(s)**" shall mean a composition, product or device that is within the scope of the Patent Rights.

4. Amendment of "Modified Third Party Antibody" Definition. The definition of "Modified Third Party Antibody" is hereby amended and restated to read in its entirety as follows:

> "**Modified Third Party Antibody**" shall mean an antibody, or other protein or nucleic acid, resulting from use of Licensed methods as applied to a Third Party Molecule through the performance of Antibody Services.

5. Replacement of "Third Party Antibody" Definition. The definition of "Third Party Antibody" is hereby eliminated, and all references to such term in the Agreement shall be deemed to refer to the term "Third Party Molecule" as defined below:

"**Third Party Molecule**" shall mean an antibody, or other protein or nucleic acid, that: (i) is not an Anaptys-Controlled Antibody (defined below); and (ii) is either (A) provided by a Third Party to Anaptys for the purpose of having Anaptys provide research and development services with respect to such molecule on a fee-for-service basis, or (B) discovered or generated by Anaptys on behalf of a Third Party on a fee-for-service basis (which, in each case, may include compensation post-provision of the service); in each case, without granting the Third Party a sublicense under the Patent Right to practice Licensed Methods.

6. Amendment of Section 4.3(a)(i). Section 4.3(a)(i) shall be amended and restated to read in its entirety as follows:

"(i) **Licensed Products – All Uses**. Royalties will be payable with respect to a Licensed Product sold by Anaptys, its Affiliates and its Sublicensees if such Licensed Product is Covered by Patent Rights at the time of such sale in the country where such Licensed Product is sold, and such royalties shall be payable on a Licensed Product-by-Licensed Product and country-by-country basis from the First Commercial Sale of a Licensed Product in a country until expiration of the last-to-expire Patent Rights Covering such Licensed Product in such country, subject to earlier termination in accordance with Section 4.3(b)(iv). Subject to the foregoing, Anaptys will pay MRC royalties on worldwide annual Net Sales of a Licensed Product for any and all uses, on a Licensed Product-by-Licensed Product basis, as follows:

(A) one quarter of one percent (0.25%) of that portion of worldwide annual Net Sales of such Licensed Product from $0 to $750 million; and

(B) one percent (1.0%) of that portion of worldwide annual Net Sales of such Licensed product over $750 million"

7. Deletion of Section 4.3(a)(ii). Section 4.3(a)(ii) is hereby deleted in its entirety from the Agreement and of no further force or effect.

8. Amendment of Section 4.3(a)(iii). Section 4.3(a)(iii) is hereby amended and restated to read in its entirety as follows:

"(iii) **Modified Third Party Antibodies; Antibody Services**. Notwithstanding the preceding provisions of this Section 4.3(a) or any other provision of this Agreement to the contrary, the only amounts payable to MRC with respect to Modified Third Party Antibodies and/or Antibody Services are those set forth in this Section 4.3(a)(iii). Anaptys shall pay to MRC a flat annual fee of $50,000 upon each of the second and third anniversaries of the Effective Date, and a flat annual fee of $55,000 upon the fourth and each subsequent anniversary of the Effective Date (each an "Annual Fee"), which shall be payable regardless of whether Anaptys actually (A) performs any Antibody Services during the applicable year and/or (B) receives any consideration with respect to any Modified Third Party Antibody or Antibody Services during such year.

For the avoidance of doubt, no royalties or consideration other than the Annual Fee shall be payable to the MRC with respect to Antibody Service, or with respect to any Modified

Third Party Antibody."

9. Amendment of Section 4.3(b)(ii). Section 4.3(b)(ii) shall be amended and restated to read in its entirety as follows:

"(ii) If ANAPTYS, its affiliate or its Sublicensee is required to obtain a license of patent rights from one or more independent third parties in order to make, have made, use, have used, sell, have sold, offer for sale, import or have imported a Licensed Product without infringement of such patents, and if the total royalty burden (including royalties payable to MRC) for such Licensed Product exceeds, [*], then the royalty rate applicable to Net Sales of such Licensed Product by ANAPTYS, its Affiliates and its Sublicensees payable to MRC shall be adjusted as follows]:

(1) For Licensed Products for therapeutic or prophylactic uses in humans or animals, the royalty rate applicable to Net Sales of such Licensed Product shall be adjusted to the rate determined by [*]

(2) For Licensed Products for non-therapeutic uses, the royalty rate applicable to Net Sales of such Licensed Product shall be adjusted to the rate determined by [*].

In no event, however, shall the royalty rate payable to MRC for any Licensed Product be reduced by greater than [*]% of the royalty rate otherwise due to the MRC under Section 4.3(a)(i)."

10. Amendment of Section 4.5. Section 4.5 of the Agreement is hereby amended and restated to read in its entirety as follows:

"4.5 Milestone Payments. Anaptys will pay to MRC the following non-refundable milestone payments on each Licensed Product upon the first achievement of each of the milestones set forth below (whether achieved by Anaptys, its Affiliate, or a Sublicensee), provided that such Licensed Product is Covered by Patent Rights in the country where the applicable milestone is achieved at the time of such achievement. Each of the milestone payments below shall be payable one time per Licensed Product that achieves any such milestone and only for the first achievement of such milestone by such Licensed Product.

(i) $[*];

(ii) $[*];

(iii) $[*];

(iv) $[*]; and

(v) $[*]."

11. Amendment of Section 8.1. Section 8.1 of the Agreement is hereby amended and restated to read in its entirety as follows:

"8.1 Term. Unless earlier terminated as hereinafter provided, this Agreement shall expire upon the expiration of all royalty payment obligations under Section 4.3 hereof."

12. Additional Consideration. Within sixty (60) days after the Amendment Date, AnaptsBio shall:

(a) pay to MRC the sum of [*] dollars ($[*]); and

(b) subject to MRC's execution and delivery to AnaptsBio of a stock issuance agreement in the form attached to this Amendment as **Annex I**, issue to MRC [*] shares of the common stock of AnaptysBio.

13. Entire Agreement. The Agreement, as amended by this Amendment, embodies the entire understanding of the Parties and shall supersede all previous communications, representations and understandings, whether oral, written or otherwise, between the Parties relating to the subject matter hereof. Except as specifically amended by this Amendment, the terms and conditions of the Agreement shall remain in full force and effect.

14. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original document, and all of which, together with this writing, shall be deemed one instrument.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their duly authorized representatives or officers as of the Amendment Date.

MEDICAL RESEARCH COUNCIL

By: /s/ Graham L Wagner
Name: Graham L Wagner
Title: Associate Director Licensing and Agreements
Medical Research Council Technology

ANAPTYSBIO, INC.

By: /s/ Tom Smart
Name: Tom Smart
Title: Chairman and CEO

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EXHIBIT 10.13

[*] Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

NON-EXCLUSIVE RESEARCH AND COMMERCIAL LICENSE AGREEMENT

This Non-Exclusive Research and Commercial License Agreement (this "AGREEMENT") is made by and between AnaptysBio, Inc. ("ANAPTYSBIO"), a Delaware corporation, with a principal business address at 10835 Road To The Cure, Suite 100, San Diego, CA 92121, and MILLIPORE CORPORATION ("MILLIPORE"), a Massachusetts corporation with offices at 290 Concord Road, Billerica, MA 91821, and is effective as of May 15, 2009 (the "EFFECTIVE DATE"). MILLIPORE and ANAPTYSBIO are sometimes each referred to herein individually as a "PARTY" and together as the "PARTIES".

ARTICLE 1. BACKGROUND RECITALS

MILLIPORE owns intellectual property covering or claiming the use of proprietary ubiquitous chromatin opening elements (UCOE® elements) and related gene expression technologies and is the owner of the MATERIALS.

ANAPTYSBIO desires to use the MATERIALS and the MILLIPORE INTELLECTUAL PROPERTY to enable ANAPTYSBIO to perform research, develop and/or commercialize recombinant therapeutic proteins. MILLIPORE is willing to grant ANAPTYSBIO a license to enable such uses under the terms and conditions defined herein.

ARTICLE 2. DEFINITIONS

For purposes of this AGREEMENT, the following definitions shall apply:

"AFFILIATE" means with respect to a referenced entity, any entity that CONTROLS, is CONTROLLED by, or is under common CONTROL with such referenced entity.

"ANAPTYSBIO CELL LINES" means cells (and any replicates, progeny or derivatives thereof) owned or controlled by ANAPTYSBIO transfected with MATERIALS and/or various control vectors. For clarity, ANAPTYSBIO CELL LINES includes pools of transfected cells as well as individual clones and cell lines.

"ANAPTYSBIO PROTEINS" means any proteins expressed by any cells (including ANAPTYSBIO CELL LINES) that are derived using or improved by ANAPTYSBIO TECHNOLOGY, whether by ANAPTYSBIO or its AFFILIATE or a THIRD PARTY on behalf of ANAPTYSBIO (i.e. service provider), and/or are related to one or more product development programs of ANAPTYSBIO. This definition expressly excludes any proteins made with use of

the MATERIALS to generate new cell or cell lines solely for the benefit of any THIRD PARTY.

“ANAPTYSBIO TECHNOLOGY” means any and all data, technology, information, documents, know-how and other intellectual or other property now or hereafter owned or controlled by ANAPTYSBIO, including, without limitation, ANAPTYSBIO’s proprietary somatic hypermutation technology and any genes, CHO cells, cell lines (including any ANAPTYSBIO CELL LINES), expressed proteins and antibodies, in each case including all improvements or modifications to any of the foregoing.

“COMMERCIAL MILESTONES” means the specific milestones listed in Clause 4.4 below.

“COMMERCIAL PURPOSES” means use of the MILLIPORE INTELLECTUAL PROPERTY and/or MATERIALS in one or more steps in the expression, scale-up or production, or any related steps in the preclinical and/or clinical development, of a COMMERCIALIZED PRODUCT where such a COMMERCIALIZED PRODUCT requires the submission of an investigational new drug application or equivalent filing with a United States or foreign REGULATORY AUTHORITY. For purposes of clarity, COMMERCIAL PURPOSES excludes CONTRACT MANUFACTURING.

“COMMERCIALIZED PRODUCT” means a pharmaceutical product, whether or not actually commercialized, made by or on behalf of ANAPTYSBIO incorporating ANAPTYSBIO PROTEINS expressed using the MATERIALS and/or MILLIPORE INTELLECTUAL PROPERTY.

“CONTRACT MANUFACTURING” means MANUFACTURING on a contract or fee-for- service basis by ANAPTYSBIO for a THIRD PARTY other than: (i) SUBLICENSEES of ANAPTYSBIO, (ii) entities who have entered into a collaboration, co-development, partnership, cooperation, strategic alliance, or similar agreement with ANAPTYSBIO relating to ANAPTYSBIO TECHNOLOGY and/or ANAPTYSBIO PROTEINS (collectively “ANAPTYSBIO PARTNERS”), and/or (iii) otherwise in connection with the research, development, manufacture and/or commercialization of an ANAPTYSBIO PROTEIN.

“CONTRACT RESEARCH” means research and/or development on a contract or fee-for-service basis by ANAPTYSBIO for a THIRD PARTY other than: (i) for SUBLICENSEES of ANAPTYSBIO, (ii) for ANAPTYSBIO PARTNERS, and/or (iii) otherwise in connection with the research, development, manufacture and/or commercialization of an ANAPTYSBIO PROTEIN.

“CONTROL” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise.

“CONFIDENTIAL INFORMATION” means: (i) in the case of ANAPTYSBIO, the terms of this AGREEMENT, any commercial, technical or other data, documents, materials, procedures and information of ANAPTYSBIO that are not generally known to the public and are maintained in a confidential manner by ANAPTYSBIO, and that are (A) disclosed by or on behalf of ANAPTYSBIO under this AGREEMENT, whether in oral or tangible form, or (B) observed at ANAPTYSBIO’s facilities during the term of this AGREEMENT; and (ii) in the case of

MILLIPORE, the MILLIPORE INTELLECTUAL PROPERTY, the terms of this AGREEMENT and the MATERIALS. MILLIPORE acknowledges that ANAPTYSBIO is unwilling to receive or have access to any confidential or proprietary data, documents, materials, procedures and information of MILLIPORE other than the MILLIPORE INTELLECTUAL PROPERTY and the MATERIALS, and MILLIPORE agrees not to disclose or make available to ANAPTYSBIO any such confidential or proprietary data, documents, materials, procedures or information.

"FIELD OF USE" means the use of the MILLIPORE INTELLECTUAL PROPERTY and/or MATERIALS for RESEARCH PURPOSES and/or COMMERCIAL PURPOSES by or on behalf of ANAPTYSBIO, including, without limitation, by (i) ANAPTYSBIO's AFFILIATES or authorized SUBLICENSEES, and (ii) ANAPTYSBIO PARTNERS. The FIELD OF USE specifically excludes:

[*]

"MAJOR MARKET" means [*].

"MANUFACTURING" means the use of the MATERIALS and/or MILLIPORE INTELLECTUAL PROPERTY in one or more steps in the making or production of COMMERCIALIZED PRODUCT that: (i) is intended for a commercial purpose (including, without limitation, pre-clinical and clinical development of COMMERCIALIZED PRODUCT intended for a commercial purpose); and (ii) does not contain the MATERIALS itself.

"MATERIALS" means the materials set out in Exhibit B as updated from time to time (and any replicates, progeny and derivatives thereof) to the extent covered by a valid claim of the MILLIPORE INTELLECTUAL PROPERTY.

"MILLIPORE INTELLECTUAL PROPERTY" means the patents and patent applications listed in Exhibit A, and all patents issuing from said patents and patent applications, including any divisionals, continuations and continuations-in-part (to the extent that they cover the same subject matter of the original application), and reissues and reexaminations of any such patents, together with all non-US counterparts of any of the foregoing.

"NET SALES" means the gross selling price actually invoiced by ANAPTYSBIO and/or its AFFILIATES or SUBLICENSEES to an arm's-length third-party purchaser of a COMMERCIALIZED PRODUCT less the following discounts: [*].

"REGULATORY AGENCY" means, with respect to any particular country or, where applicable, a multinational jurisdiction governmental authority, body, commission, agency or other instrumentality of such country or multinational jurisdiction (e.g., the EMEA with respect to the European Union), with the primary responsibility for the evaluation or approval of pharmaceutical products before a COMMERCIAL PRODUCT can be tested, marketed, promoted, distributed or sold in such country or multinational jurisdiction, including such governmental bodies, if any, that have jurisdiction over the pricing of such pharmaceutical product. The term "REGULATORY AGENCY" includes, without limitation, the FDA and the EMEA.

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"RESEARCH PURPOSES" means for purposes of using the MATERIALS and/or MILLIPORE INTELLECTUAL PROPERTY to express ANAPTYSBIO PROTEINS for pharmaceutical research and preclinical development programs conducted by or on behalf of ANAPTYSBIO (including, without limitation, by or for (i) ANAPTYSBIO's AFFILIATES or SUBLICENSEES, and (ii) ANAPTYSBIO PARTNERS.

"SALE" means the sale, transfer, exchange, or other disposition of COMMERCIALIZED PRODUCTS for consideration to an arm's-length THIRD PARTY, other than an AFFILIATE or SUBLICENSEE. Sales of COMMERCIALIZED PRODUCTS shall be deemed consummated upon the first to occur of: (a) receipt of payment from the purchaser; (b) delivery of COMMERCIALIZED PRODUCTS to the purchaser or common carrier; or (c) release of COMMERCIALIZED PRODUCTS from consignment.

"SUBLICENSEE" means a sublicensee of intellectual property rights owned or controlled by ANAPTYSBIO concerning ANAPTYSBIO TECHNOLOGY necessary or useful for developing and/or commercializing one or more COMMERCIALIZED PRODUCTS. The SUBLICENSEE will have no rights to use MILLIPORE INTELLECTUAL PROPERTY to generate new cells or cell lines, but may use ANAPTYSBIO CELL LINES generated by ANAPTYSBIO which express ANAPTYSBIO PROTEINS. For purposes of clarification, ANAPTYSBIO has the right to grant a sublicense to use ANAPTYSBIO CELL LINES for the purpose of development and/or commercialization of COMMERCIALIZED PRODUCTS, but no rights to grant a sublicense of the MILLIPORE INTELLECTUAL PROPERTY to generate cells or cell lines other than ANAPTYSBIO CELL LINES.

"TERM" means the time period which commences on the EFFECTIVE DATE and terminates on the last-to–expire Valid Claim (defined below) of the US patents listed in Exhibit A. For avoidance of doubt, any COMMERCIALIZED PRODUCTS manufactured prior to the last-to– expire Valid Claim of the US patents listed in Exhibit A shall be subject to payments due as provided in Article 4. For purposes hereof, "Valid Claim" means a claim contained in (a) an issued and unexpired patent which has not been held unenforceable, unpatentable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been admitted to be invalid or unenforceable through abandonment, reissue, disclaimer or otherwise, or (b) a pending patent application; provided, however, that if a claim of a pending patent application shall not have issued within ten (10) years after the earliest filing date from which such claim takes priority, such claim shall not constitute a Valid Claim for the purposes of this Agreement unless and until a patent issues with such claim.

"TERRITORY" means worldwide.

"THIRD PARTY" means any person or entity that is not a signor of this AGREEMENT or an AFFILIATE.

ARTICLE 3. GRANT OF NON-EXCLUSIVE LICENSE

3.1. **Research Rights**. MILLIPORE hereby grants ANAPTYSBIO, solely within the FIELD OF USE and TERRITORY, the non-exclusive right and license, under the MILLIPORE

INTELLECTUAL PROPERTY and to use and modify the MATERIALS, with the right to grant sublicenses as expressly provided in this AGREEMENT, to use the MATERIALS and MILLIPORE INTELLECTUAL PROPERTY for RESEARCH PURPOSES in ANAPTYSBIO's research facilities worldwide or the worldwide research facilities of a SUBLICENSEE or of a THIRD PARTY retained by ANAPTYSBIO or a SUBLICENSEE to perform contract research and/or contract development on behalf of ANAPTYSBIO (a "CRO") and specifically related to ANAPTYSBIO TECHNOLOGY and/or ANAPTYSBIO PROTEINS.

3.2. **Commercial Rights**. MILLIPORE hereby grants ANAPTYSBIO, solely within the FIELD OF USE and TERRITORY, the non-exclusive right and license, under the MILLIPORE INTELLECTUAL PROPERTY, with the right to grant sublicenses as expressly provided in this Agreement, to make, have made, use, have used, sell, have sold and import COMMERCIALIZED PRODUCTS for COMMERCIAL PURPOSES.

3.3. ANAPTYSBIO's authorized SUBLICENSEES are expressly prohibited from using the MILLIPORE INTELLECTUAL PROPERTY to [*]. ANAPTYSBIO may conduct activities pursuant to the rights granted hereunder, including, without limiting, cell line development, through use of AFFILIATES and/or service providers. A service provider that is engaged by ANAPTYSBIO or a SUBLICENSEE of ANAPTYSBIO shall not itself be considered a SUBLICENSEE.

ARTICLE 4. LICENSE FEES AND ROYALTY OBLIGATIONS

In partial consideration of the rights granted to ANAPTYSBIO herein, ANAPTYSBIO shall:

4.1. Pay MILLIPORE a non-refundable first research license fee in the sum of [*] Dollars ($[*]) upon execution of this AGREEMENT.

4.2. Pay MILLIPORE a non-refundable second research license fee in the sum of [*] Dollars ($[*]) on [*].

4.3. Pay MILLIPORE subsequent non-refundable annual research license fees in the sums of [*] Dollars ($[*]) on the [*], subject to clause 4.3.1 below.

4.3.1 In the event that the majority of stock or substantially all the assets of ANAPTYSBIO is transferred [*].

All annual research license fees shall be paid within thirty (30) days following annual anniversaries of the EFFECTIVE DATE of this AGREEMENT and shall be adjusted upward only, on a year-to-year basis, beginning after the third anniversary of the EFFECTIVE DATE, in accordance with increases in the United States Consumer Price Index – All Urban Consumers – US City Average (CPI).

4.4. Pay MILLIPORE the applicable milestone payment below within thirty (30) days following the first achievement of each of the milestone events below (or, in the case of each of the clinical COMMERCIAL MILESTONES below, the first achievement of such clinical COMMERCIAL MILESTONE in the first MAJOR MARKET in which such clinical COMMERCIAL MILESTONE was first achieved) by ANAPTYSBIO or its AFFILIATES

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and/or SUBLICENSEES for each and every COMMERCIALIZED PRODUCT, on a product- by-product basis, as follows:

	COMMERCIAL MILESTONE	Milestone Payment
4.4.1	Enrollment of first patient in the first Phase I clinical trial of each COMMERCIALIZED PRODUCT	$[*]
4.4.2	Enrollment of first patient in the first Phase II clinical trial of each COMMERCIALIZED PRODUCT	$[*]
4.4.3	Enrollment of first patient in the first Phase III clinical trial of each COMMERCIALIZED PRODUCT	$[*]
4.4.4	First commercial SALE of each COMMERCIALIZED PRODUCT in a MAJOR MARKET	$[*]
4.4.5	When each COMMERCIALIZED PRODUCT first reaches SALES of over $[*] in the first applicable calendar year	$[*]
4.4.6	When each COMMERCIALIZED PRODUCT first reaches SALES of over $[*] in the first applicable calendar year	$[*]
4.4.7	When each COMMERCIALIZED PRODUCT first reaches SALES of over $[*] in the first applicable calendar year	$[*]

For purposes of clarification, subject to clause 4.5 below, each of the milestone payments specified in this clause 4.4 shall be payable only one time per COMMERCIALIZED PRODUCT regardless of the number of indications for which a COMMERCIALIZED PRODUCT is developed or approved, and, in the case of the milestone payments for COMMERCIAL MILESTONES [*], regardless of the number of MAJOR MARKETS in which a COMMERCIALIZED PRODUCT achieves the same COMMERCIAL MILESTONE.

In the event ANAPTYSBIO sells all or substantially all of its rights to one or more COMMERCIALIZED PRODUCTS to a THIRD PARTY, whether by merger, sale of stock, sale of assets or otherwise, [*]% of the milestone payment for the next-to-occur clinical COMMERCIAL MILESTONE for the MOST-ADVANCED COMMERCIALIZED PRODUCT (defined below) to which such THIRD PARTY acquires rights will be due, which amount shall be fully creditable against future payments due hereunder. All remaining COMMERCIAL MILESTONES shall continue in full force and effect. “MOST ADVANCED COMMERCIALIZED PRODUCT” means, of all of the COMMERCIALIZED

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PRODUCTS to which a THIRD PARTY acquires rights in a transaction or series of transactions of the type described in the first sentence of this Section 4.3.1, the COMMERCIALIZED PRODUCT that is at the most advanced stage of development but has not yet achieved all of the clinical COMMERCIAL MILESTONES (i.e., COMMERCIAL MILESTONES 1, 2 and 3) at the time of consummation of such transaction(s).

4.5. ANAPTYSBIO shall notify MILLIPORE, in writing, of the achievement of each COMMERCIAL MILESTONE for which a milestone payment is due under clause 4.4(a) or 4.4(b) within thirty (30) calendar days after such achievement. For purposes of this AGREEMENT, a COMMERCIALIZED PRODUCT that contains a particular ANAPTYSBIO PROTEIN or particular ANAPTYSBIO PROTEINS and any and all other COMMERCIALIZED PRODUCTS (such as modified, improved or "next generation" COMMERCIALIZED PRODUCTS) that contains the same ANAPTYSBIO PROTEIN(S) shall collectively be considered one and the same COMMERCIALIZED PRODUCT, regardless of whether such COMMERCIALIZED PRODUCTS are sold under different product names or trademarks. Without limiting the generality of the foregoing, and solely by way of example, if (i) development of a COMMERCIALIZED PRODUCT containing a particular ANAPTYSBIO PROTEIN or particular ANAPTYSBIO PROTEINS is abandoned after one or more of the COMMERCIAL MILESTONES has been achieved, and (ii) any COMMERCIALIZED PRODUCT containing the same ANAPTYSBIO PROTEIN(S) is developed as a replacement for the abandoned COMMERCIALIZED PRODUCT, then no milestone payment shall be due upon achievement of any COMMERCIAL MILESTONE by the replacement COMMERCIALIZED PRODUCT that was previously achieved by the abandoned COMMERCIALIZED PRODUCT.

4.6. All payments due pursuant to this AGREEMENT shall be paid in United States dollars.

ARTICLE 5. SUBLICENSING RIGHTS AND OBLIGATIONS

ANAPTYSBIO may sub-license only the rights granted to it under clause 3.1 and/or clause 3.2 to any CRO(s) and to THIRD PARTY(IES), in each case, solely for the use of cells, cell lines or clones containing the MATERIALS which express ANAPTYSBIO PROTEINS so long as:

a) All terms and conditions of any sublicense shall contain terms and conditions that are consistent with the terms and conditions of this AGREEMENT.

b) ANAPTYSBIO shall pay continuing applicable Milestone Payments to MILLIPORE on the achievement of COMMERCIAL MILESTONES by any SUBLICENSEE in accordance with Clause 4.4 above.

c) The sublicense does not permit any SUBLICENSEE or CRO to transfer or assign its sublicense to use the MILLIPORE INTELLECTUAL PROPERTY; provided, however, that a sublicense may permit such SUBLICENSEE or CRO to assign such sublicense to an AFFILIATE or to any successor-in-interest by way of merger, acquisition, or sale of all or substantially all of its assets related to such sublicense, in which event such SUBLICENSEE or CRO shall be obligated to notify ANAPTYSBIO and in such

instances, ANAPTYSBIO shall be obligated to notify MILLIPORE in writing of such assignment; and provided, further, that a sublicense may permit a SUBLICENSEE to sublicense its rights to a CRO so long as ANAPTYSBIO complies with clause (e) below.

d) The sublicense shall contain provisions that any sublicense to use the MILLIPORE INTELLECTUAL PROPERTY that was granted to the SUBLICENSEE or CRO shall terminate upon the termination of this AGREEMENT; provided, however, that the sublicense may permit the SUBLICENSEE or CRO to retain and continue using any already-existing ANAPTYSBIO CELL LINES as permitted by Article 9.

e) ANAPTYSBIO shall notify MILLIPORE in writing of the sublicense and its applicable terms concerning the MILLIPORE INTELLECTUAL PROPERTY promptly following the signing of such sublicense; provided, however, that ANAPTYSBIO shall not be required to disclose to MILLIPORE the financial terms of any sublicense.

ARTICLE 6. REPORTING OBLIGATIONS

6.1. ANAPTYSBIO and its SUBLICENSEES and AFFILIATES will keep accurate books and records showing all COMMERCIALIZED PRODUCTS offered for sale, imported, sold and or otherwise exploited and all NET SALES and any other amounts payable herein. Such books and records will be preserved for at least three (3) years after the date of the payment to which they pertain and will be open to inspection by an independent certified public accountant retained by MILLIPORE at reasonable times (but no more frequently than annually) on prior written notice to ANAPTYSBIO solely to determine the accuracy of reports and payments made by ANAPTYSBIO under this AGREEMENT and to assess ANAPTYSBIO's compliance with the payment terms of this AGREEMENT. Such independent certified public accountant shall execute and deliver a confidentiality agreement reasonably requested by ANAPTYSBIO and shall not disclose to MILLIPORE any information other than information relating to accuracy of reports and payments made by ANAPTYSBIO under this AGREEMENT and the compliance by ANAPTYSBIO of the terms of this AGREEMENT. MILLIPORE shall bear the fees and expenses of such examination. If, however, an error in payments due of more than [*] percent ([*]%) or $[*] (whichever is greater) for any year is discovered in any examination, then ANAPTYSBIO shall reimburse MILLIPORE the reasonable fees and expenses of such examination and shall remit the underpayment to MILLIPORE along with applicable simple interest due at the rate of [*] per annum within [*] days of delivery of the examination result to ANAPTYSBIO.

6.2. For each COMMERCIALIZED PRODUCT, ANAPTYSBIO shall identify to MILLIPORE the reference number for all applicable Biological Master Files (or equivalent) for such COMMERCIALIZED PRODUCT filed by ANAPTYSBIO or its SUBLICENSEES or ANAPTYSBIO PARTNERS with the relevant REGULATORY AGENCIES. MILLIPORE shall have the right to identify to any REGULATORY AGENCY such reference number for any such Biological Master File (or equivalent) with regard to COMMERCIALIZED PRODUCTS developed by THIRD PARTIES with the use of MILLIPORE INTELLECTUAL PROPERTY, for the sole purpose of notifying the REGULATORY AGENCY of the existence of such prior Biological Master File. Any such identification shall be made solely to the REGULATORY AGENCY and shall not constitute authorization to or by MILLIPORE or any THIRD PARTY

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(except the REGULATORY AGENCY) to access, reference or use any such filing or any data therein or to disclose or use any confidential or proprietary information in any such filing or in any IND (or equivalent) or Biological Master File (or equivalent) or other filing submitted by ANAPTYSBIO or any AFFILIATE or SUBLICENSEE with any REGULATORY AGENCY.

ARTICLE 7. OWNERSHIP OF THE INTELLECTUAL PROPERTY

7.1. The MILLIPORE INTELLECTUAL PROPERTY and MATERIALS shall at all times remain the property of MILLIPORE.

7.2. ANAPTYSBIO shall at all times be the sole owner of ANAPTYSBIO's technology made prior to or outside the scope of the license ("ANAPTYSBIO's BACKGROUND TECHNOLOGY"), all ANAPTYSBIO CELL LINES, all ANAPTYSBIO TECHNOLOGY and all ANAPTYSBIO PROTEINS.

7.3. ANAPTYSBIO agrees that the MILLIPORE INTELLECTUAL PROPERTY and MATERIALS will be used solely within the FIELD OF USE.

7.4. ANAPTYSBIO agrees that it shall hold and use the MILLIPORE INTELLECTUAL PROPERTY and MATERIALS in a confidential and secure manner, to the extent provided in Article 10 below.

ARTICLE 8. INTELLECTUAL PROPERTY IMPROVEMENTS

Any and all results, discoveries, improvements and/or inventions (whether or not patentable) (a) made solely by or on behalf of ANAPTYSBIO shall be the sole and exclusive property of ANAPTYSBIO, except that any made by ANAPTYSBIO that [*]; (b) made solely by MILLIPORE shall be the sole and exclusive property of MILLIPORE, except that any made by MILLIPORE which relate to or are enabled by ANAPTYSBIO's BACKGROUND TECHNOLOGY, the ANAPTYSBIO CELL LINES, the ANAPTYSBIO PROTEINS and/or the ANAPTYSBIO TECHNOLOGY shall be the sole and exclusive property of ANAPTYSBIO (it being understood, however, that ANAPTYSBIO is not granting to MILLIPORE any license or other right to use, or any access to, ANAPTYSBIO's BACKGROUND TECHNOLOGY, the ANAPTYSBIO CELL LINES, the ANAPTYSBIO PROTEINS and/or the ANAPTYSBIO TECHNOLOGY); and (c) made jointly by MILLIPORE and ANAPTYSBIO shall be the joint property of MILLIPORE and ANAPTYSBIO; provided that any jointly made results, discoveries, improvements and/or inventions [*]. Each PARTY, upon the request and cost of the other PARTY, shall promptly perform all necessary acts to execute any patent applications, assignments and/or other documents which the other PARTY deems necessary or useful for the prosecution of results, discoveries, improvement and/or inventions owned by such other PARTY.

ARTICLE 9. TERM AND TERMINATION

9.1. This AGREEMENT shall commence on the EFFECTIVE DATE and shall, unless terminated earlier as provided herein, continue in full force and effect. The term during which ANAPTYSBIO shall pay to MILLIPORE research license fees and milestone payments pursuant to this AGREEMENT shall end upon the expiration of the TERM. Upon the expiration of the

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TERM, the licenses and other rights granted by MILLIPORE to ANAPTYSBIO pursuant to this AGREEMENT shall be fully paid-up.

9.2. ANAPTYSBIO shall have the right to voluntarily terminate this AGREEMENT, for any or no reason, on not less than ninety (90) days written notice to MILLIPORE. However, the obligation to pay the first year research license fee (clause 4.1) is non-terminable in the event ANAPTYSBIO exercises its rights pursuant this paragraph.

9.3. Either PARTY may terminate this AGREEMENT upon material breach of this AGREEMENT by the other PARTY (including, in the case of termination by MILLIPORE, a breach resulting from ANAPTYSBIO's failure to pay any sums due hereunder) where such breach shall not have been remedied within sixty (60) days of the receipt of a written notification from the other PARTY identifying the breach and requiring its remedy. Upon termination of this AGREEMENT by ANAPTYSBIO on account of the material breach by MILLIPORE, MILLIPORE shall promptly refund to ANAPTYSBIO the pro rata portion of any research license fees attributable to the period of time following such termination.

9.4. In the event of termination of this AGREEMENT, ANAPTYSBIO's licenses under clauses 3.1 and 3.2 with respect to any ANAPTYSBIO CELL LINES generated before such termination (including, without limitation, ANAPTYSBIO's right to sublicense such ANAPTYSBIO CELL LINES in accordance with clause (d) of Article 5) and ANAPTYSBIO's rights with respect to ANAPTYSBIO PROTEINS expressed by such ANAPTYSBIO CELL LINES, shall survive such termination and continue in full force and effect, subject to the terms and conditions of this AGREEMENT (including, without limitation, Article 4 hereof); provided, however, that if MILLIPORE terminates this AGREEMENT for ANAPTYSBIO's uncured material breach of any of its payment obligations under Article 4, then ANAPTYSBIO's licenses with respect to such existing ANAPTYSBIO CELL LINES shall terminate, and ANAPTYSBIO shall destroy such existing ANAPTYSBIO CELL LINES as specified below in this Article 9.

9.5. Upon termination of this AGREEMENT by MILLIPORE pursuant to the terms hereof, each sublicense by ANAPTYSBIO to a SUBLICENSEE to use the MILLIPORE INTELLECTUAL PROPERTY for COMMERCIAL PURPOSES that was in effect before such termination will survive such termination; provided, however, that (i) such sublicense was granted in accordance with the terms of this AGREEMENT; (ii) such SUBLICENSEE is not the cause of such breach; (iii) such SUBLICENSEE agrees in writing to assume all applicable obligations of ANAPTYSBIO under this AGREEMENT; and (iv) MILLIPORE continues to receive from such SUBLICENSEE all payments under Article 4 that MILLIPORE would have received from ANAPTYSBIO with respect to such SUBLICENSEE's activities had this AGREEMENT remained in effect.

9.6. ANAPTYSBIO agrees that, upon termination of this AGREEMENT, all MATERIALS and other MATERIALS incorporated in mixtures or combinations with ANAPTYSBIO TECHNOLOGY and/or ANAPTYSBIO PROTEINS in its possession or control, including any in the possession of its CROs or SUBLICENSEES or ANAPTYSBIO PARTNERS, shall be destroyed within thirty (30) days following such termination, unless otherwise agreed in writing by the PARTIES; provided, however, that neither ANAPTYSBIO nor any of its CROs or SUBLICENSEES or ANAPTYSBIO PARTNERS shall be required to

destroy or to cease using any existing ANAPTYSBIO CELL LINES to which ANAPTYSBIO retains its license as set forth above in this Article 9 or any ANAPTYSBIO PROTEINS expressed by such ANAPTYSBIO CELL LINES; and provided, further, that notwithstanding anything contained in this AGREEMENT to the contrary, ANAPTYSBIO shall have the right following such termination to sell any inventory of COMMERCIALIZED PRODUCTS and finish and sell any work in progress. ANAPTYSBIO's obligation pursuant to this paragraph shall not apply if this AGREEMENT is terminated by ANAPTYSBIO on account of the breach of this AGREEMENT by MILLIPORE.

9.7. Articles 6, 7, 8, 9 (including any other provisions specified herein as surviving), 10, 12, 13, 14 & 15 shall survive termination of this AGREEMENT or expiration of TERM and continue in full force and effect.

ARTICLE 10. CONFIDENTIALITY

10.1. Each PARTY agrees to maintain, and require its employees, agents, representatives and AFFILIATES and their employees, agents and representatives to maintain, CONFIDENTIAL INFORMATION of the other PARTY with the same degree of care it uses to protect its own CONFIDENTIAL INFORMATION of a similar nature, and each PARTY represents that it exercises reasonable care to protect its own CONFIDENTIAL INFORMATION. Each PARTY agrees not to use, and require its employees, agents, representatives and AFFILIATES and their employees, agents and representatives not to use, the CONFIDENTIAL INFORMATION of the other PARTY for any purpose other than performing its obligations and exercising its rights under this AGREEMENT, except as otherwise explicitly set forth in this Article.

10.2. Each PARTY agrees to maintain in confidence and not to disclose to any THIRD PARTY, other than its employees, agents, representatives and AFFILIATES and their employees, agents and representatives, any CONFIDENTIAL INFORMATION of the other PARTY, either during or for five years after expiration of the TERM or earlier termination of this AGREEMENT.

10.3. Without granting any right or license to the use of its CONFIDENTIAL INFORMATION, except as specifically provided hereunder, each PARTY agrees that the limitations of non-use and non-disclosure of CONFIDENTIAL INFORMATION it provides to the other PARTY under this AGREEMENT shall not apply to such information, to the extent and only to the extent, that the receiving PARTY can credibly document that such information:

(i) is now or hereafter becomes generally known or available to the public without the receiving PARTY's breach of any obligation owed to the providing PARTY; or

(ii) is independently developed by the receiving PARTY without use of or reference to CONFIDENTIAL INFORMATION of the providing PARTY, or

(iii) was acquired by the receiving PARTY before receiving such information from the providing PARTY under this AGREEMENT, without restriction as to use or disclosure; or

(iv) is hereafter rightfully furnished to the receiving PARTY by an AFFILIATE or THIRD PARTY without any breach of an obligation of confidentiality to the providing PARTY and without restriction on use or disclosure; or

(v) is disclosed or used by the receiving PARTY with the prior written consent of the providing PARTY, on a case-by-case basis.

10.4. For purposes of clarifying clause 10.3 (confidentiality and non-use exclusions), information that is combined, synthesized or used by the providing PARTY in a particular manner, as provided to the receiving PARTY under this AGREEMENT, shall not be deemed “known”, “available”, “developed”, “acquired”, or “furnished” separately to the receiving PARTY merely because the various pieces of information were previously known, available, developed, acquired, or furnished without being so combined, synthesized or used.

10.5. A receiving PARTY may disclose CONFIDENTIAL INFORMATION to the extent required to do so by applicable law, an administrative or court order, or governmental regulation; provided that the receiving PARTY promptly notifies the providing PARTY when it learns that disclosure may be required, and the receiving PARTY shall, at the providing PARTY’s expense, take reasonable action to avoid the disclosure or limit its scope. Any information disclosed pursuant to this clause 10.5 will remain the CONFIDENTIAL INFORMATION of the providing PARTY and subject to this AGREEMENT.

10.6. Either PARTY may, without the prior written consent of the other PARTY, disclose the terms of this AGREEMENT to such PARTY’s lawyers or other paid consultants or advisors, under substantially the same terms as clauses 10.1 through 10.5 (confidentiality and non-use requirements), solely for the purpose of discussions related to business decisions of such PARTY. Any information disclosed pursuant to this clause 10.6 will remain the CONFIDENTIAL INFORMATION of the providing PARTY and subject to this AGREEMENT.

10.7. The terms of this AGREEMENT are deemed confidential, but (a) either PARTY may disclose the existence of this AGREEMENT, without disclosing the terms, in a media release or similar public announcement provided that such PARTY allows the other PARTY a reasonable opportunity to review and comment on the content of such release or announcement prior to its release which approval shall not be unreasonably withheld or delayed, and (b) ANAPTYSBIO may disclose the existence of this AGREEMENT to its current or prospective banks or other financial institutions or current or prospective investors for the purpose of raising capital or borrowing money.

10.8. Notwithstanding anything contained in this AGREEMENT to the contrary, ANAPTYSBIO shall be permitted to disclose CONFIDENTIAL INFORMATION of MILLIPORE and the existence and terms of this AGREEMENT to (a) ANAPTYSBIO’s current or prospective banks or other financial institutions or investors for the purpose of raising capital or borrowing money or maintaining compliance with agreements, arrangements and understandings relating thereto, and (b) to any person or entity who proposes to be a SUBLICENSEE or to purchase or otherwise succeed (by merger, operation of law or otherwise) to all of ANAPTYSBIO’s right, title and interest in, to and under this Agreement, if such person

or entity agrees to maintain the confidentiality of such CONFIDENTIAL INFORMATION pursuant to written confidentiality agreement.

ARTICLE 11. REPRESENTATIONS AND WARRANTIES; INSURANCE

11.1. Each PARTY hereby represents and warrants to the other PARTY that (a) it has all requisite power and authority to enter into this AGREEMENT and to consummate the transactions contemplated hereby, and (b) this AGREEMENT has been duly and validly executed and delivered by such PARTY and constitutes its valid, legal and binding obligation, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

11.2. MILLIPORE hereby represents and warrants to ANAPTYSBIO that as of the EFFECTIVE DATE (a) to its knowledge, neither the grant of the licenses pursuant to this AGREEMENT nor the practice of the MILLIPORE INTELLECTUAL PROPERTY or use of the MATERIALS by ANAPTYSBIO, its AFFILIATES and/or its SUBLICENSEES shall infringe or misappropriate any patent or other intellectual property rights of any THIRD PARTY and it does not know of any claim of a THIRD PARTY with respect to any such infringement or misappropriation; and (b) MILLIPORE owns or controls the entire right, title, and interest in and to the MILLIPORE INTELLECTUAL PROPERTY and the MATERIALS as of the EFFECTIVE DATE; and (c) the MATERIALS have been manufactured by or on behalf of MILLIPORE in accordance with all applicable laws.

11.3. ANAPTYSBIO warrants that it will not MANUFACTURE, use, sublicense or sell COMMERCIALIZED PRODUCT for any purpose other than those purposes for which it is authorized under Articles 3 and 5.

11.4. ANAPTYSBIO shall take out, maintain and keep current in respect of the manufacture, sale and use of COMMERCIALIZED PRODUCT all appropriate insurances, as determined by ANAPTYSBIO in good faith, including, commencing upon the first commercial SALE by ANAPTYSBIO of a COMMERCIALIZED PRODUCT, adequate product liability insurance and appropriate THIRD PARTY and other insurance.

11.5. EXCEPT AS PROVIDED HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE 12. INDEMNITY & LIMITATION OF LIABILITY

12.1. ANAPTYSBIO shall indemnify, defend and hold MILLIPORE and its directors, officers, employees and agents harmless from and against any and all THIRD PARTY claims, demands, or causes of action (each, a "Liability") arising out of or relating in any way to (i) the possession, manufacture, use, sale or other disposition of COMMERCIALIZED PRODUCT hereunder, whether based on breach of warranty, negligence, product liability or otherwise, (ii) the exercise of any right granted to ANAPTYSBIO pursuant to this Agreement, or (iii) any

breach of this Agreement by ANAPTYSBIO, except to the extent, in each case, that such Liability is caused by the negligence or willful misconduct of MILLIPORE, its directors, officers, employees and/or agents as determined by a court of competent jurisdiction or by MILLIPORE's breach of this AGREEMENT; provided, however, that upon receiving notice of any such Liability, MILLIPORE shall promptly notify ANAPTYSBIO and permit ANAPTYSBIO to handle and control the defense (including litigation and settlement) of such Liability, at ANAPTYSBIO's sole expense, and MILLIPORE shall reasonably cooperate with ANAPTYSBIO in the defense of such Liability, at ANAPTYSBIO's sole expense.

12.2. LIMITATION OF LIABILITY. NEITHER PARTY OR ITS AFFILIATES SHALL BE LIABLE TO THE OTHER PARTY OR THE OTHER PARTY'S AFFILIATES FOR ANY CONSEQUENTIAL, SPECIAL, INDIRECT OR EXEMPLARY DAMAGES OR FOR THE LOSS OF PROFITS ARISING FROM THE PERFORMANCE OR NONPERFORMANCE OF THIS AGREEMENT OR ANY ACTS OR OMISSIONS ASSOCIATED HEREWITH.

ARTICLE 13. NOTICE

13.1. Any notices required or permitted to be given under this AGREEMENT shall be deemed given on the date received in writing: personally; or by a letter delivered to a reputable courier guaranteeing next day service; or by facsimile, with confirmation by prepaid first class letter sent the same day.

If to MILLIPORE: Attn. Business Development Department 290 Concord Road Billerica, MA 01821

with a copy to:
Intellectual Property Department
28820 Single Oak Drive
Temecula, CA 92590

If to ANAPTYSBIO:
AnaptysBio, Inc.
10835 Road to the Cure, Suite 100
San Diego, California 92121
Attention: Chief Executive Officer

with a copy to:
AnaptysBio, Inc.
10835 Road to the Cure, Suite 100
San Diego, California 92121
Attention: Vice President, Corporate Development

13.2. Any PARTY may change its designated address and facsimile number by notice to the other PARTY in the manner provided in this Article 13.

ARTICLE 14. DISPUTE RESOLUTION

14.1. In the event any PARTY claims breach of this AGREEMENT, the PARTIES shall consult with each other in good faith on the most effective means to cure the breach and to achieve any necessary restitution of its consequences. This consultation shall be undertaken

within a period of [*] days following the receipt of a written request to consult, and the consultation period shall not exceed [*] days. During the consultation period, neither litigation nor arbitration may be pursued until attempts at consultative dispute resolution have been exhausted.

14.2. Any dispute between the PARTIES arising out of or related to this AGREEMENT and not resolved by consultation as provided in clause 14.1 shall be finally settled by binding, expedited arbitration in accordance with the applicable rules of the American Arbitration Association regarding commercial or business disputes ("Rules") then in effect. The arbitration proceeding shall be conducted in Denver, CO, and carried out by a single arbitrator, selected according to such Rules. Each PARTY shall be responsible for any costs or expenses incurred in presenting such PARTY's case to the arbitrators, such as attorneys' fees or expert witness fees, and all other fees and expenses of the arbitrator shall initially be paid equally by the PARTIES, provided that the arbitrator shall have the authority, but not the obligation, to require a PARTY to reimburse all or any portion of such costs, expenses and/or fees in the final award. The decision of the arbitrator shall be final and binding on the PARTIES, provided however that the arbitrator shall not have the authority to alter any explicit provision of this AGREEMENT. Judgment upon the arbitrator's decision may be entered in any court of competent jurisdiction.

14.3. Notwithstanding clauses 14.1 and 14.2 or any other provision of this Agreement to the contrary, either PARTY shall at all times have the right to seek injunctive or other equitable relief from a court of competent jurisdiction in the context of a bona fide emergency or prospective irreparable harm, and such an action may be filed and maintained notwithstanding any consultation or ongoing arbitration proceeding. Further, in the event ANAPTYSBIO or its AFFILIATE thereof files an action seeking a declaration of patent invalidity and/or unenforceability of any MILLIPORE INTELLECTUAL PROPERTY, ANAPTYSBIO shall bear all of MILLIPORE's fees, costs and expenses associated with litigating such action, including the fees, costs and expenses associated with any appeals.

ARTICLE 15. MISCELLANEOUS

15.1. **Amendments**. No change, modification, extension, termination, or waiver of this AGREEMENT, or any of the provisions herein contained, shall be valid unless made in writing and signed by duly authorized representatives of the PARTIES hereto.

15.2. **Assignment**. Neither this AGREEMENT nor any rights or benefits hereunder shall be assignable or transferable by either PARTY without the written consent of the other PARTY; provided, however, that either PARTY shall have the right to assign this AGREEMENT to an AFFILIATE or to any successor-in-interest by way of merger, acquisition, or sale of all or substantially all of its assets related to the performance of this AGREEMENT. Should a merger, acquisition or sale occur, the affected PARTY shall notify the other PARTY. Any purported assignment by a PARTY not in accordance with this clause shall be void.

15.3. **Binding Effect**. This AGREEMENT shall be binding upon and inure to the benefit of the successors and permitted assigns of the PARTIES.

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15.4. **Counterparts**. This AGREEMENT may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.5. **Exhibit Incorporation**. All Exhibits cited herein are incorporated by reference and made a part of this AGREEMENT.

15.6. **Headings**. The Article, paragraph and clause headings, and paragraph parenthetical cross-references contained herein are for the purposes of convenience of reference only and are not intended to define or limit the contents of said Articles, paragraphs or clauses.

15.7. **Independent Contractors**. Nothing in this AGREEMENT is intended nor is to be construed as to constitute the PARTIES as partners, joint venturers, or principal and agent with respect to this AGREEMENT. No PARTY shall have any express or implied authority to bind the other PARTY to any other agreement, contract, obligation or undertaking with any THIRD PARTY.

15.8. **Interpretation**. Whenever required by the context, the singular term shall include the plural, the plural term shall include the singular, and the gender of any pronoun shall include all genders. Whenever the last day for the exercise of any privilege or the discharge of any duty hereunder shall fall on a Saturday, Sunday, or national or local holiday, the PARTY having such privilege or duty shall have until 5:00 pm on the next succeeding business day to exercise such privilege or to discharge such duty. It is further agreed that no usage of trade or other regular practice between the PARTIES hereto shall be used to interpret or alter the terms of this AGREEMENT. Since the PARTIES have participated jointly in the negotiation and drafting of this AGREEMENT, in the event an ambiguity or question of interpretation arises, no presumption or burden of proof shall arise favoring or disfavoring any PARTY by virtue of authorship of any provision of this AGREEMENT.

15.9. **Prior Agreements**. This AGREEMENT together with the Exhibits hereto, sets forth the entire understanding between the PARTIES with respect to the mattes dealt with herein and supersedes any and all prior agreements, written or oral, previously entered into by the PARTIES covering the matters dealt with herein.

15.10. **Severability**. If any provision of this AGREEMENET is in violation of any law or is found to be otherwise unenforceable by a court or competent administrative body from which there is no appeal, or no appeal is taken, such provision shall be deleted and the PARTIES shall negotiate in good faith to substitute for any such invalid or unenforceable provision, a valid and enforceable provision that achieves to the greatest extent possible the economic, legal and commercial objectives of the invalid or unenforceable provision, a valid and enforceable provision that achieves to the greatest extent possible the economic, legal and commercial objectives of the invalid or unenforceable provision.

15.11. **Waiver**. No delay on the part of any PARTY hereto in exercising any power or right hereunder shall operate as a waiver thereof, nor shall nay single or partial exercise of any power or right hereunder operate as a waiver thereof, nor shall any single or partial exercise of

any power or right hereunder preclude other or further exercise thereof or the exercise of any other power or right.

For purposes hereof, a facsimile of a signed copy shall have the same force and effect as an original signed AGREEMENT.

MILLIPORE CORPORATION

By: /s/ Andrew Bulpin
Name/Title: A Bulpin VP

Date: 18 May 2009

ANAPTYSBIO, INC.

By: /s/ Tom Smart
Name/Title: Tom Smart, CEO

Date: May 14, 2009

Exhibit A

[*]

***Confidential Treatment Requested.**

Exhibit B

[*]

***Confidential Treatment Requested.**

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (as the same may from time to time be amended, modified, supplemented or restated, this "**Agreement**") dated as of December 24, 2014 (the "**Effective Date**") among OXFORD FINANCE LLC, a Delaware limited liability company with an office located at 133 North Fairfax Street, Alexandria, Virginia 22314 ("**Oxford**"), as collateral agent (in such capacity, "**Collateral Agent**"), the Lenders listed on Schedule 1.1 hereof or otherwise a party hereto from time to time including Oxford in its capacity as a Lender and SILICON VALLEY BANK, a California corporation with an office located at 3003 Tasman Drive, Santa Clara, CA 95054 ("**Bank**" or "**SVB**") (each a "**Lender**" and collectively, the "**Lenders**"), and ANAPTYSBIO, INC., a Delaware corporation with offices located at 10421 Pacific Center Court, Suite 200, San Diego, CA 92121 (individually and collectively, jointly and severally, "**Borrower**"), provides the terms on which the Lenders shall lend to Borrower and Borrower shall repay the Lenders. The parties agree as follows:

1. ACCOUNTING AND OTHER TERMS

1.1. Accounting terms not defined in this Agreement shall be construed in accordance with GAAP. Calculations and determinations must be made in accordance with GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein. All references to "**Dollars**" or "$" are United States Dollars, unless otherwise noted.

2. LOANS AND TERMS OF PAYMENT

2.1. Promise to Pay. Borrower hereby unconditionally promises to pay each Lender, the outstanding principal amount of all Term Loans advanced to Borrower by such Lender and accrued and unpaid interest thereon and any other amounts due hereunder as and when due in accordance with this Agreement.

2.2. Term Loans.

(a) Availability. (i) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, to make term loans to Borrower in a single advance on the Effective Date in an aggregate amount of Five Million Dollars ($5,000,000.00) according to each Lender's Term A Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "**Term A Loan**", and collectively as the "**Term A Loans**"). After repayment, no Term A Loan may be re-borrowed.

(ii) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, during the Second Draw Period, to make term loans to Borrower in a single advance in an aggregate amount of Five Million Dollars ($5,000,000.00) according to each Lender's Term B Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "**Term B Loan**", and collectively as the "**Term B Loans**". After repayment, no Term B Loan may be re-borrowed.

(iii) Subject to the terms and conditions of this Agreement, the Lenders agree, severally and not jointly, during the Third Draw Period, to make term loans to Borrower in a single advance in an aggregate amount of Five Million Dollars ($5,000,000.00) according to each Lender's Term C Loan Commitment as set forth on Schedule 1.1 hereto (such term loans are hereinafter referred to singly as a "**Term C Loan**", and collectively as the "**Term C Loans**"; each Term A Loan, Term B Loan or Term C Loan is hereinafter referred to singly as a "**Term Loan**" and the Term A Loans, the Term B Loans and the Term C Loans are hereinafter referred to collectively as the "**Term Loans**"). After repayment, no Term C Loan may be re-borrowed.

(b) Repayment. Borrower shall make monthly payments of interest only commencing on the first (1st) Payment Date following the Funding Date of each Term Loan, and continuing on the Payment Date of each successive month thereafter through and including the Payment Date immediately preceding the Amortization Date. Borrower agrees to pay, on the Funding Date of each Term Loan, any initial partial monthly interest payment otherwise due for the period between the Funding Date of such Term Loan and the first Payment Date thereof.

Commencing on the Amortization Date, and continuing on the Payment Date of each month thereafter, Borrower shall make consecutive equal monthly payments of principal and interest, in arrears, to each Lender, as calculated by Collateral Agent (which calculations shall be deemed correct absent manifest error) based upon: (1) the amount of such Lender's Term Loan, (2) the effective rate of interest, as determined in Section 2.3(a), and (3) a repayment schedule equal to (X) if the Amortization Date is February 1, 2016, thirty six (36) months, (Y) if the Amortization Date is August 1, 2016, thirty (30) months, and (Z) if the Amortization Date is February 1, 2017, twenty four (24) months. All unpaid principal and accrued and unpaid interest with respect to each Term Loan is due and payable in full on the Maturity Date. Each Term Loan may only be prepaid in accordance with Sections 2.2(c) and 2.2(d).

(c) Mandatory Prepayments. If the Term Loans are accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Lenders, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of: (i) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (ii) the Final Payment, (iii) the Prepayment Fee, plus (iv) all other Obligations that are due and payable, including Lenders' Expenses and interest at the Default Rate with respect to any past due amounts. Notwithstanding (but without duplication with) the foregoing, on the Maturity Date, if the Final Payment had not previously been paid in full in connection with the prepayment of the Term Loans in full, Borrower shall pay to Collateral Agent, for payment to each Lender in accordance with its respective Pro Rata Share, the Final Payment in respect of the Term Loan(s).

(d) Permitted Prepayment of Term Loans. Borrower shall have the option to prepay all, but not less than all, of the Term Loans advanced by the Lenders under this Agreement, provided Borrower (i) provides written notice to Collateral Agent of its election to prepay the Term Loans at least thirty (30) days prior to such prepayment, and (ii) pays to the Lenders on the date of such prepayment, payable to each Lender in accordance with its respective Pro Rata Share, an amount equal to the sum of (A) all outstanding principal of the Term Loans plus accrued and unpaid interest thereon through the prepayment date, (B) the Final Payment, (C) the Prepayment Fee, plus (D) all other Obligations that are due and payable, including Lenders' Expenses and interest at the Default Rate with respect to any past due amounts.

2.3. Payment of Interest on the Credit Extensions.

(a) Interest Rate. Subject to Section 2.3(b), the principal amount outstanding under the Term Loans shall accrue interest at a fixed per annum rate (which rate shall be fixed for the duration of the applicable Term Loan) equal to the Basic Rate, determined by Collateral Agent on the Funding Date of the applicable Term Loan, which interest shall be payable monthly in arrears in accordance with Sections 2.2(b) and 2.3(e). Interest shall accrue on each Term Loan commencing on, and including, the Funding Date of such Term Loan, and shall accrue on the principal amount outstanding under such Term Loan through and including the day on which such Term Loan is paid in full.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall accrue interest at a fixed per annum rate equal to the rate that is otherwise applicable thereto plus five percentage points (5.00%) (the "**Default Rate**"). Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Collateral Agent.

(c) 360-Day Year. Interest shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) months of thirty (30) days.

(d) Debit of Accounts. Collateral Agent and each Lender may debit (or ACH) any deposit accounts, maintained by Borrower or any of its Subsidiaries, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes the Lenders under the Loan Documents when due. Any such debits (or ACH activity) shall not constitute a set-off.

(e) Payments. Except as otherwise expressly provided herein, all payments by Borrower under the Loan Documents shall be made to the respective Lender to which such payments are owed, at such Lender's office in immediately available funds on the date specified herein. Unless otherwise provided, interest is payable monthly on the Payment Date of each month. Payments of principal and/or interest received after 2:00 pm

Eastern Time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment is due the next Business Day and additional fees or interest, as applicable, shall continue to accrue until paid. All payments to be made by Borrower hereunder or under any other Loan Document, including payments of principal and interest, and all fees, expenses, indemnities and reimbursements, shall be made without set-off, recoupment or counterclaim, in lawful money of the United States and in immediately available funds.

2.4. Secured Promissory Notes. The Term Loans shall be evidenced by a Secured Promissory Note or Notes in the form attached as Exhibit D hereto (each a "**Secured Promissory Note**"), and shall be repayable as set forth in this Agreement. Borrower irrevocably authorizes each Lender to make or cause to be made, on or about the Funding Date of any Term Loan or at the time of receipt of any payment of principal on such Lender's Secured Promissory Note, an appropriate notation on such Lender's Secured Promissory Note Record reflecting the making of such Term Loan or (as the case may be) the receipt of such payment. The outstanding amount of each Term Loan set forth on such Lender's Secured Promissory Note Record shall be prima facie evidence of the principal amount thereof owing and unpaid to such Lender, but the failure to record, or any error in so recording, any such amount on such Lender's Secured Promissory Note Record shall not limit or otherwise affect the obligations of Borrower under any Secured Promissory Note or any other Loan Document to make payments of principal of or interest on any Secured Promissory Note when due. Upon receipt of an affidavit of an officer of a Lender as to the loss, theft, destruction, or mutilation of its Secured Promissory Note, Borrower shall issue, in lieu thereof, a replacement Secured Promissory Note in the same principal amount thereof and of like tenor.

2.5. Fees. Borrower shall pay to Collateral Agent:

(a) Facility Fee. A fully earned, non-refundable facility fee of up to One Hundred Fifty Thousand Dollars ($150,000.00) to be shared between the Lenders pursuant to their respective Commitment Percentages payable as follows: (i) Fifty Thousand Dollars ($50,000.00) of the facility fee shall be due and payable on the Effective Date, the receipt of which Collateral Agent and Lenders hereby acknowledge, (ii) Fifty Thousand Dollars ($50,000.00) of the facility fee shall be due and payable on and conditioned upon the Funding Date of the Term B Loan, and (iii) Fifty Thousand Dollars ($50,000.00) of the facility fee shall be due and payable on and conditioned upon the Funding Date of the Term C Loan.

(b) Final Payment. The Final Payment, when due hereunder, to be shared between the Lenders in accordance with their respective Pro Rata Shares;

(c) Prepayment Fee. The Prepayment Fee, when due hereunder, to be shared between the Lenders in accordance with their respective Pro Rata Shares; and

(d) Lenders' Expenses. All reasonable Lenders' Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred from November 5, 2014 through and after the Effective Date, promptly when due.

2.6. Withholding. Payments received by the Lenders from Borrower hereunder will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any governmental authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to the Lenders, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, each Lender receives a net sum equal to the sum which it would have received had no withholding or deduction been required and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish the Lenders with proof reasonably satisfactory to the Lenders indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.6 shall survive the termination of this Agreement.

3. CONDITIONS OF LOANS

3.1. Conditions Precedent to Initial Credit Extension. Each Lender's obligation to make a Term A Loan is subject to the condition precedent that Collateral Agent and each Lender shall consent to or shall have received, in form and substance satisfactory to Collateral Agent and each Lender, such documents, and completion of such other matters, as Collateral Agent and each Lender may reasonably deem necessary or appropriate, including, without limitation:

(a) original Loan Documents, each duly executed by Borrower and each Subsidiary, as applicable;

(b) duly executed original Control Agreements with respect to any Collateral Accounts maintained by Borrower or any of its Subsidiaries;

(c) duly executed original Secured Promissory Notes in favor of each Lender according to its Term A Loan Commitment Percentage;

(d) the Operating Documents and good standing certificates of Borrower and its Subsidiaries certified by the Secretary of State (or equivalent agency) of Borrower's and such Subsidiaries' jurisdiction of organization or formation and each jurisdiction in which Borrower and each Subsidiary is qualified to conduct business, each as of a date no earlier than thirty (30) days prior to the Effective Date;

(e) a completed Perfection Certificate for Borrower and each of its Subsidiaries;

(f) the Annual Projections, for the current calendar year;

(g) duly executed original officer's certificate for Borrower and each Subsidiary that is a party to the Loan Documents, in a form acceptable to Collateral Agent and the Lenders;

(h) certified copies, dated as of date no earlier than thirty (30) days prior to the Effective Date, of financing statement searches, as Collateral Agent shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(i) a landlord's consent executed in favor of Collateral Agent in respect of all of Borrower's and each Subsidiaries' leased locations;

(j) a bailee waiver executed in favor of Collateral Agent in respect of each third party bailee where Borrower or any Subsidiary maintains Collateral having a book value in excess of One Hundred Thousand Dollars ($100,000.00);

(k) a duly executed legal opinion of counsel to Borrower dated as of the Effective Date;

(l) evidence satisfactory to Collateral Agent and the Lenders that the insurance policies required by Section 6.5 hereof are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements in favor of Collateral Agent, for the ratable benefit of the Lenders; and

(m) a copy of the Third Amended and Restated Rights Agreement by and among the Company and the investors party thereto, dated July 15, 2013 (as such agreement may be amended and restated through the Effective Date).

(n) payment of the fees and Lenders' Expenses then due as specified in Section 2.5 hereof.

3.2. Conditions Precedent to all Credit Extensions. The obligation of each Lender to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) receipt by (i) the Lenders of an executed Disbursement Letter in the form of Exhibit B-1 attached hereto; and (ii) SVB of an executed Loan Payment/Advance Request Form in the form of Exhibit B-2 attached hereto;

(b) the representations and warranties in Section 5 hereof shall be true, accurate and complete in all material respects on the date of the Disbursement Letter (and the Loan Payment/Advance Request Form) and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in Section 5 hereof are true, accurate and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date;

(c) in such Lender's sole but reasonable discretion, there has not been any Material Adverse Change;

(d) (i) to the extent not delivered at the Effective Date, duly executed original Secured Promissory Notes substantially in the form attached hereto as Exhibit D in favor of each Lender according to its Commitment Percentage, with respect to each Credit Extension made by such Lender after the Effective Date and (ii) a Warrant substantially in the form attached hereto as Exhibit E in favor of each Lender; and

(e) payment of the fees and Lenders' Expenses then due as specified in Section 2.5 hereof.

3.3. Covenant to Deliver. Borrower agrees to deliver to Collateral Agent and the Lenders each item required to be delivered to Collateral Agent under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Collateral Agent or any Lender of any such item shall not constitute a waiver by Collateral Agent or any Lender of Borrower's obligation to deliver such item, and any such Credit Extension in the absence of a required item shall be made in each Lender's sole discretion.

3.4. Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of a Term Loan set forth in this Agreement, to obtain a Term Loan, Borrower shall notify the Lenders (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 2:00 pm Eastern time three (3) Business Days prior to the date the Term Loan is to be made. Together with any such electronic, facsimile or telephonic notification, Borrower shall deliver to the Lenders by electronic mail or facsimile a completed Disbursement Letter (and the Loan Payment/Advance Request Form, with respect to SVB) executed by a Responsible Officer or his or her designee. The Lenders may rely on any telephone notice given by a person whom a Lender reasonably believes is a Responsible Officer or designee. On the Funding Date, each Lender shall credit and/or transfer (as applicable) to the Designated Deposit Account, an amount equal to its Term Loan Commitment.

4. CREATION OF SECURITY INTEREST

4.1. Grant of Security Interest. Borrower hereby grants Collateral Agent, for the ratable benefit of the Lenders, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Collateral Agent, for the ratable benefit of the Lenders, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral, subject only to Permitted Liens that are permitted by the terms of this Agreement

to have priority to Collateral Agent's Lien. If Borrower shall acquire a commercial tort claim (as defined in the Code), Borrower, shall promptly notify Collateral Agent in a writing signed by Borrower, as the case may be, of the general details thereof (and further details as may be required by Collateral Agent) and grant to Collateral Agent, for the ratable benefit of the Lenders, in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Collateral Agent.

(a) Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that may have superior priority to Bank's Lien in this Agreement).

(b) If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as the Lenders' obligation to make Credit Extensions has terminated, Collateral Agent shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower.

(c) Notwithstanding the provisions of Section 4(b), in the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in the reasonable and good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, it shall be sufficient cash collateral acceptable to Bank for securing such Bank Services in applying the provisions of clause (y) with respect to Bank Services that consist of Letters of Credit, if Borrower provides to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then one hundred five percent (105%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then one hundred ten percent (110%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit.

4.2. Authorization to File Financing Statements. Borrower hereby authorizes Collateral Agent to file financing statements or take any other action required to perfect Collateral Agent's security interests in the Collateral, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Collateral Agent's interest or rights under the Loan Documents, including a notice that any disposition of the Collateral, except to the extent permitted by the terms of this Agreement, by Borrower, or any other Person, shall be deemed to violate the rights of Collateral Agent under the Code.

5. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Collateral Agent and the Lenders as follows:

5.1. Due Organization, Authorization: Power and Authority. Borrower and each of its Subsidiaries is duly existing and in good standing as a Registered Organization in its jurisdictions of organization or formation and Borrower and each of its Subsidiaries is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its businesses or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a Material Adverse Change. In connection with this Agreement, Borrower and each of its Subsidiaries has delivered to Collateral Agent a completed perfection certificate signed by an officer of Borrower or such Subsidiary (each a "**Perfection Certificate**" and collectively, the "**Perfection Certificates**"). Borrower represents and warrants that (a) Borrower and each of its Subsidiaries' exact legal name is that which is indicated on its respective Perfection Certificate and on the signature page of each Loan Document to which it is a party; (b) Borrower and each of its Subsidiaries is an organization of the type and is organized in the jurisdiction set forth on its respective Perfection Certificate; (c) each Perfection Certificate accurately sets forth each of Borrower's and its Subsidiaries' organizational identification number or accurately states that Borrower or such Subsidiary has none; (d) each Perfection Certificate accurately sets forth Borrower's and each of its Subsidiaries' place of business, or, if more than one, its chief executive office as well as Borrower's

and each of its Subsidiaries' mailing address (if different than its chief executive office); (e) Borrower and each of its Subsidiaries (and each of its respective predecessors) have not, in the past five (5) years, changed its jurisdiction of organization, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificates pertaining to Borrower and each of its Subsidiaries, is accurate and complete (it being understood and agreed that Borrower and each of its Subsidiaries may from time to time update certain information in the Perfection Certificates (including the information set forth in clause (d) above) after the Effective Date to the extent permitted by one or more specific provisions in this Agreement); such updated Perfection Certificates subject to the review and approval of Collateral Agent. If Borrower or any of its Subsidiaries is not now a Registered Organization but later becomes one, Borrower shall notify Collateral Agent of such occurrence and provide Collateral Agent with such Person's organizational identification number within five (5) Business Days of receiving such organizational identification number.

The execution, delivery and performance by Borrower and each of its Subsidiaries of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's or such Subsidiaries' organizational documents, including its respective Operating Documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law applicable thereto, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or such Subsidiary, or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect) or are being obtained pursuant to Section 6.1(b), or (v) constitute an event of default under any material agreement by which Borrower or any of such Subsidiaries, or their respective properties, is bound. Neither Borrower nor any of its Subsidiaries is in default under any agreement to which it is a party or by which it or any of its assets is bound in which such default could reasonably be expected to have a Material Adverse Change.

5.2. Collateral.

(a) Borrower and each of its Subsidiaries have good title to, have rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien under the Loan Documents, free and clear of any and all Liens except Permitted Liens, and neither Borrower nor any of its Subsidiaries have any Deposit Accounts, Securities Accounts, Commodity Accounts or other investment accounts other than the Collateral Accounts or the other investment accounts, if any, described in the Perfection Certificates delivered to Collateral Agent in connection herewith with respect of which Borrower or such Subsidiary has given Collateral Agent notice and taken such actions as are necessary to give Collateral Agent a perfected security interest therein. The Accounts are bona fide, existing obligations of the Account Debtors.

(b) On the Effective Date, and except as disclosed on the Perfection Certificate (i) the Collateral is not in the possession of any third party bailee (such as a warehouse), and (ii) no such third party bailee possesses components of the Collateral in excess of One Hundred Thousand Dollars ($100,000.00). None of the components of the Collateral shall be maintained at locations other than as disclosed in the Perfection Certificates on the Effective Date or as permitted pursuant to Section 6.11.

(c) All Inventory is in all material respects of good and marketable quality, free from material defects.

(d) Borrower and each of its Subsidiaries is the sole owner of the Intellectual Property each respectively purports to own, free and clear of all Liens other than Permitted Liens. Except as noted on the Perfection Certificates, neither Borrower nor any of its Subsidiaries is a party to, nor is bound by, any material license or other material agreement with respect to which Borrower or such Subsidiary is the licensee that (i) prohibits or otherwise restricts Borrower or its Subsidiaries from granting a security interest in Borrower's or such Subsidiaries' interest in such material license or material agreement or any other property, or (ii) for which a default under or termination of could interfere with Collateral Agent's or any Lender's right to sell any Collateral. Borrower shall provide written notice to Collateral Agent and each Lender within ten (10) days of Borrower or any of its Subsidiaries entering into or becoming bound by any material license or other material agreement with respect to which Borrower or any Subsidiary is the licensee (other than over-the-counter software that is commercially available to the public).

5.3. Litigation. Except as disclosed (i) on the Perfection Certificates, or (ii) in accordance with Section 6.9 hereof, there are no actions, suits, investigations, or proceedings pending or, to the knowledge of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than One Hundred Thousand Dollars ($100,000.00).

5.4. No Material Deterioration in Financial Condition; Financial Statements. All consolidated financial statements for Borrower and its Subsidiaries, delivered to Collateral Agent fairly present, in conformity with GAAP, in all material respects the consolidated financial condition of Borrower and its Subsidiaries, and the consolidated results of operations of Borrower and its Subsidiaries. There has not been any material deterioration in the consolidated financial condition of Borrower and its Subsidiaries since the date of the most recent financial statements submitted to any Lender.

5.5. Solvency. Borrower and each of its Subsidiaries is Solvent.

5.6. Regulatory Compliance. Neither Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Neither Borrower nor any of its Subsidiaries is engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower and each of its Subsidiaries has complied in all material respects with the Federal Fair Labor Standards Act. Neither Borrower nor any of its Subsidiaries is a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" as each term is defined and used in the Public Utility Holding Company Act of 2005. Neither Borrower nor any of its Subsidiaries has violated any laws, ordinances or rules, the violation of which could reasonably be expected to have a Material Adverse Change. Neither Borrower's nor any of its Subsidiaries' properties or assets has been used by Borrower or such Subsidiary or, to Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than in material compliance with applicable laws. Borrower and each of its Subsidiaries has obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

None of Borrower, any of its Subsidiaries, or any of Borrower's or its Subsidiaries' Affiliates or any of their respective agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is (i) in violation of any Anti-Terrorism Law, (ii) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iii) is a Blocked Person. None of Borrower, any of its Subsidiaries, or to the knowledge of Borrower and any of their Affiliates or agents, acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law.

5.7. Investments. Neither Borrower nor any of its Subsidiaries owns any stock, shares, partnership interests or other equity securities except for Permitted Investments.

5.8. Tax Returns and Payments; Pension Contributions. Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower and each of its Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower and such Subsidiaries, in all jurisdictions in which Borrower or any such Subsidiary is subject to taxes, including the United States, unless such taxes are being contested in accordance with the following sentence. Borrower and each of its Subsidiaries, may defer payment of any contested taxes, provided that Borrower or such Subsidiary, (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Collateral Agent in writing of the commencement of, and any material development in, the proceedings, and (c) posts bonds or takes any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "**Permitted Lien**." Neither Borrower nor any of its Subsidiaries is aware of any claims or adjustments proposed for any of Borrower's or such Subsidiaries', prior tax years which could result in additional taxes becoming due and payable by Borrower or its Subsidiaries. Borrower and each of its Subsidiaries have paid all amounts necessary to fund all present pension, profit sharing and

deferred compensation plans in accordance with their terms, and neither Borrower nor any of its Subsidiaries have, withdrawn from participation in, and have not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower or its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

5.9. Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements in accordance with the provisions of this Agreement, and not for personal, family, household or agricultural purposes.

5.10. Full Disclosure. No written representation, warranty or other statement of Borrower or any of its Subsidiaries in any certificate or written statement given to Collateral Agent or any Lender in connection with the transactions contemplated hereby, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Collateral Agent or any Lender with respect to the transactions contemplated hereby, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.11. Definition of "**Knowledge**." For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of the Responsible Officers.

6. AFFIRMATIVE COVENANTS

Borrower shall, and shall cause each of its Subsidiaries to, do all of the following:

6.1. Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of organization and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Change. Comply with all laws, ordinances and regulations to which Borrower or any of its Subsidiaries is subject, the noncompliance with which could reasonably be expected to have a Material Adverse Change.

(b) Obtain and keep in full force and effect, all of the material Governmental Approvals necessary for the performance by Borrower and its Subsidiaries of their respective businesses and obligations under the Loan Documents and the grant of a security interest to Collateral Agent for the ratable benefit of the Lenders, in all of the Collateral. Borrower shall promptly provide copies to Collateral Agent of any material Governmental Approvals obtained by Borrower or any of its Subsidiaries.

6.2. Financial Statements, Reports, Certificates.

(a) Deliver to each Lender:

(i) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated and consolidating balance sheet, income statement and cash flow statement covering the consolidated operations of Borrower and its Subsidiaries for such month certified by a Responsible Officer and in a form reasonably acceptable to Collateral Agent;

(ii) as soon as available, but no later than one hundred eighty (180) days after the last day of Borrower's fiscal year or within five (5) days of filing with the SEC, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial

statements from an independent certified public accounting firm acceptable to Collateral Agent in its reasonable discretion;

(iii) as soon as available after approval thereof by Borrower's Board of Directors, but no later than ten (10) days after the last day of each of Borrower's fiscal years, Borrower's annual financial projections for the entire current fiscal year as approved by Borrower's Board of Directors, which such annual financial projections shall be set forth in a month-by-month format (such annual financial projections as originally delivered to Collateral Agent and the Lenders are referred to herein as the "**Annual Projections**"; provided that, any revisions of the Annual Projections approved by Borrower's Board of Directors shall be delivered to Collateral Agent and the Lenders no later than seven (7) days after such approval);

(iv) within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or holders of Subordinated Debt;

(v) in the event that Borrower becomes subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, within five (5) days of filing, all reports on Form 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission,

(vi) prompt notice of any (A) amendments of or other changes to the Operating Documents of Borrower or any of its Subsidiaries, together with any copies reflecting such amendments or changes with respect thereto and (B) material changes to the capitalization table of Borrower or any of its Subsidiaries, provided, however, that (i) no such notice shall be required with respect to the grant, exercise, cancellation or modification of options to purchase Borrower's Common Stock outstanding or hereafter issued by Borrower from the option pool set forth on the capitalization table of Borrower delivered to Bank in connection with the Perfection Certificate or upon exercise of warrants to purchase capital stock of the Borrower reflected upon such capitalization table and (ii) Borrower shall provide Lenders notice with respect to, and copies of, the current capitalization table no later than thirty (30) days after the end of each quarter to the extent that there have been any amendments of, or changes to, the capitalization table since the last time the same was delivered to Lenders.

(vii) prompt notice of any event that could reasonably be expected to materially and adversely affect the value of the Intellectual Property;

(viii) as soon as available, but no later than thirty (30) days after the last day of each month, copies of the month-end account statements for each Collateral Account maintained by Borrower or its Subsidiaries, which statements may be provided to Collateral Agent and each Lender by Borrower or directly from the applicable institution(s), and

(ix) other information as reasonably requested by Collateral Agent or any Lender.

Notwithstanding the foregoing, documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the internet at Borrower's website address.

(b) Concurrently with the delivery of the financial statements specified in Section 6.2(a)(i) above but no later than thirty (30) days after the last day of each month, deliver to each Lender, a duly completed Compliance Certificate signed by a Responsible Officer.

(c) Keep proper books of record and account in accordance with GAAP in all material respects, in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities. Borrower shall, and shall cause each of its Subsidiaries to, allow, at the sole cost of Borrower, Collateral Agent or any Lender, during regular business hours upon reasonable prior notice (provided that no notice shall be required when an Event of Default has occurred and is continuing), to visit and inspect any of its properties, to examine and make abstracts or copies from any of its books and records, and to conduct a collateral

audit and analysis of its operations and the Collateral. Such audits shall be conducted no more often than once every six months unless (and more frequently if) an Event of Default has occurred and is continuing.

6.3. Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower, or any of its Subsidiaries, and their respective Account Debtors shall follow Borrower's, or such Subsidiary's, customary practices as they exist at the Effective Date. Borrower must promptly notify Collateral Agent and the Lenders of all returns, recoveries, disputes and claims that involve more than One Hundred Thousand Dollars ($100,000.00) individually or in the aggregate in any calendar year.

6.4. Taxes; Pensions. Timely file and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely file, all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower or its Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.8 hereof, and shall deliver to Lenders, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with the terms of such plans.

6.5. Insurance. Keep Borrower's and its Subsidiaries' business and the Collateral insured for risks and in amounts standard for companies in Borrower's and its Subsidiaries' industry and location and as Collateral Agent may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are reasonably satisfactory to Collateral Agent and Lenders. All property policies shall have a lender's loss payable endorsement showing Collateral Agent as lender loss payee and waive subrogation against Collateral Agent, and all liability policies shall show, or have endorsements showing, Collateral Agent, as additional insured. The Collateral Agent shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Collateral Agent, that it will give the Collateral Agent thirty (30) days prior written notice before any such policy or policies shall be materially altered or canceled. At Collateral Agent's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any policy shall, at Collateral Agent's option, be payable to Collateral Agent, for the ratable benefit of the Lenders, on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to One Hundred Thousand Dollars ($100,000.00) with respect to any loss, but not exceeding One Hundred Thousand Dollars ($100,000.00), in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Collateral Agent has been granted a first priority security interest, and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Collateral Agent, be payable to Collateral Agent, for the ratable benefit of the Lenders, on account of the Obligations. If Borrower or any of its Subsidiaries fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons, Collateral Agent and/or any Lender may make, at Borrower's expense, all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Collateral Agent or such Lender deems prudent.

6.6. Operating Accounts.

(a) Maintain its primary and its Subsidiaries' primary Collateral Accounts with Bank or its Affiliates in accounts which are subject to a Control Agreement in favor of Collateral Agent and which accounts shall represent at least fifty percent (50%) of the dollar value of Borrower's and such Subsidiaries' accounts at all financial institutions.

(b) Borrower shall provide Collateral Agent five (5) days' prior written notice before Borrower or any of its Subsidiaries establishes any Collateral Account at or with any Person other than Bank or its Affiliates. In addition, for each Collateral Account that Borrower or any of its Subsidiaries, at any time maintains, Borrower or such Subsidiary shall cause the applicable bank or financial institution at or with which such Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Collateral Agent's Lien in such Collateral Account in accordance with the terms hereunder prior to the establishment of such Collateral Account, which Control Agreement may not be terminated

without prior written consent of Collateral Agent. The provisions of the previous sentence shall not apply to deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's, or any of its Subsidiaries', employees and identified to Collateral Agent by Borrower as such in the Perfection Certificates.

(c) Neither Borrower nor any of its Subsidiaries shall maintain any Collateral Accounts except Collateral Accounts maintained in accordance with Sections 6.6(a) and (b).

6.7. Protection of Intellectual Property Rights. Borrower and each of its Subsidiaries shall: (a) use commercially reasonable efforts consistent with current business practices to protect, defend and maintain the validity and enforceability of its Intellectual Property that is material to Borrower's business; (b) promptly after Borrower becomes aware thereof advise Collateral Agent in writing of material infringement by a third party of its Intellectual Property; and (c) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Collateral Agent's prior written consent. Borrower shall obtain Collateral Agent's and Lenders' written consent prior to abandoning, modifying or delaying filing, prosecution or issuance of any Core IP. Borrower shall provide Collateral Agent and Lenders with notice, on a quarterly basis, of any abandonment, modification or delay in the filing, prosecution or issuance of any Non-Core IP during the preceding quarter.

6.8. Litigation Cooperation. Commencing on the Effective Date and continuing through the termination of this Agreement, make available to Collateral Agent and the Lenders, without expense to Collateral Agent or the Lenders at reasonable times and with reasonable advance notice, unless an Event of Default has occurred and is continuing, Borrower and each of Borrower's officers, employees and agents and Borrower's Books, to the extent that Collateral Agent or any Lender may reasonably deem them necessary to prosecute or defend any third-party suit or proceeding instituted by or against Collateral Agent or any Lender with respect to any Collateral or relating to Borrower. In such event, Collateral Agent and the Lenders shall work cooperatively with Borrower to minimize disruption, to the extent reasonably possible, of Borrower's ongoing operations.

6.9. Notices of Litigation and Default. After becoming aware thereof, Borrower will give prompt written notice to Collateral Agent and the Lenders of any litigation or governmental proceedings pending or threatened (in writing) against Borrower or any of its Subsidiaries, which could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of One Hundred Thousand Dollars ($100,000.00) or more or which could reasonably be expected to have a Material Adverse Change. Without limiting or contradicting any other more specific provision of this Agreement, promptly (and in any event within three (3) Business Days) upon Borrower becoming aware of the existence of any Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default, Borrower shall give written notice to Collateral Agent and the Lenders of such occurrence, which such notice shall include a reasonably detailed description of such Event of Default or event which, with the giving of notice or passage of time, or both, would constitute an Event of Default.

6.10. Intentionally Omitted.

6.11. Landlord Waivers; Bailee Waivers. In the event that Borrower or any of its Subsidiaries, after the Effective Date, intends to add any new offices or business locations, including warehouses, or otherwise store any portion of the Collateral with, or deliver any portion of the Collateral to, a bailee, in each case pursuant to Section 7.2, then Borrower or such Subsidiary will first provide at least thirty (30) days prior written notice to Collateral Agent and, in the event that the Collateral at any new location includes Borrower's Books or is valued in excess of One Hundred Thousand ($100,000.00) in the aggregate, such bailee or landlord, as applicable, must execute and deliver a bailee waiver or landlord waiver, as applicable, in form and substance reasonably satisfactory to Collateral Agent prior to the addition of any new offices or business locations, or any such storage with or delivery to any such bailee, as the case may be.

6.12. Creation/Acquisition of Subsidiaries. In the event Borrower, or any of its Subsidiaries creates or acquires any Subsidiary, Borrower shall provide prior written notice to Collateral Agent and each Lender of the creation or acquisition of such new Subsidiary and take all such action as may be reasonably required by Collateral Agent or any Lender to cause each such Subsidiary to become a co-Borrower hereunder or to guarantee the

Obligations of Borrower under the Loan Documents and, in each case, grant a continuing pledge and security interest in and to the assets of such Subsidiary (substantially as described on Exhibit A hereto); and Borrower (or its Subsidiary, as applicable) shall grant and pledge to Collateral Agent, for the ratable benefit of the Lenders, to secure payment and performance of the Obligations a perfected security interest in the stock, units or other evidence of ownership of each such newly created Subsidiary, provided, however, that in the case of a Foreign Subsidiary, Borrower (or any domestic Subsidiary which is the owner of such Foreign Subsidiary) shall not be required to pledge or grant a security interest in more than sixty five percent (65%) of the outstanding equity securities of such Foreign Subsidiary and no assets of such Foreign Subsidiary shall be required to be pledged or subject to a security interest hereunder if Borrower demonstrates to the reasonable satisfaction of Collateral Agent that such Foreign Subsidiary providing such guarantee or pledge and security interest or Borrower providing a perfected security interest in more than sixty five percent (65%) of the outstanding equity securities would create a present and existing adverse tax consequence to Borrower under the U.S. Internal Revenue Code. Notwithstanding the foregoing, Borrower shall not be required to pledge or grant a security interest in more than sixty five percent (65%) of the outstanding equity securities of the Australia Subsidiary and no assets of the Australia Subsidiary shall be required to be pledged or subject to a security interest hereunder.

6.13. Further Assurances.

(a) Execute any further instruments and take further action as Collateral Agent or any Lender reasonably requests to perfect or continue Collateral Agent's Lien in the Collateral or to effect the purposes of this Agreement.

(b) Deliver to Collateral Agent and Lenders, within five (5) days after the same are sent or received, copies of all material correspondence, reports, documents and other filings with any Governmental Authority that could reasonably be expected to have a material adverse effect on any of the Governmental Approvals material to Borrower's business or otherwise could reasonably be expected to have a Material Adverse Change.

7. NEGATIVE COVENANTS

Borrower shall not, and shall not permit any of its Subsidiaries to, do any of the following without the prior written consent of the Required Lenders:

7.1. Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn out or obsolete Equipment; and (c) in connection with Permitted Liens, Permitted Investments and Permitted Licenses.

7.2. Changes in Business, Management, Ownership, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses engaged in by Borrower as of the Effective Date or reasonably related thereto; (b) liquidate or dissolve; or (c) (i) any Key Person shall cease to be actively engaged in the management of Borrower unless written notice thereof is provided to Collateral Agent within five (5) days of such change, or (ii) enter into any transaction or series of related transactions in which the stockholders of Borrower who were not stockholders immediately prior to the first such transaction own more than forty nine percent (49%) of the voting stock of Borrower immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Borrower's equity securities in a public offering, a private placement of public equity or to private investors so long as Borrower identifies to Collateral Agent the private investors prior to the closing of the transaction). Borrower shall not, without at least thirty (30) days' prior written notice to Collateral Agent: (A) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than One Hundred Thousand Dollars ($100,000.00) in assets or property of Borrower or any of its Subsidiaries); (B) change its jurisdiction of organization, (C) change its organizational structure or type, (D) change its legal name, or (E) change any organizational number (if any) assigned by its jurisdiction of organization.

7.3. Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock, shares or property of another Person. A Subsidiary may merge or consolidate into another

Subsidiary (provided such surviving Subsidiary is a "co-Borrower" hereunder or has provided a secured Guaranty of Borrower's Obligations hereunder) or with (or into) Borrower provided Borrower is the surviving legal entity, and as long as no Event of Default is occurring prior thereto or arises as a result therefrom.

7.4. Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5. Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or permit any Collateral not to be subject to the first priority security interest granted herein (except for Permitted Liens that are permitted by the terms of this Agreement to have priority over Collateral Agent's Lien), or enter into any agreement, document, instrument or other arrangement (except with or in favor of Collateral Agent, for the ratable benefit of the Lenders) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower, or any of its Subsidiaries, from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or such Subsidiary's Intellectual Property, except as is otherwise permitted in Section 7.1 hereof and the definition of "**Permitted Liens**" herein.

7.6. Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.6 hereof.

7.7. Distributions; Investments. (a) Pay any dividends (other than dividends payable solely in capital stock) or make any distribution or payment in respect of or redeem, retire or purchase any capital stock (other than repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements, stockholder rights plans, director or consultant stock option plans, or similar plans, provided such repurchases do not exceed One Hundred Thousand Dollars ($100,000.00) in the aggregate per fiscal year) or (b) directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8. Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower or any of its Subsidiaries, except for (a) transactions that are in the ordinary course of Borrower's or such Subsidiary's business, upon fair and reasonable terms that are no less favorable to Borrower or such Subsidiary than would be obtained in an arm's length transaction with a non-affiliated Person, and (b) Subordinated Debt or equity investments by Borrower's investors in Borrower or its Subsidiaries.

7.9. Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to the Lenders.

7.10. Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a Material Adverse Change, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower or any of its Subsidiaries, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other Governmental Authority.

7.11. Compliance with Anti-Terrorism Laws. Collateral Agent hereby notifies Borrower and each of its Subsidiaries that pursuant to the requirements of Anti-Terrorism Laws, and Collateral Agent's policies and practices, Collateral Agent is required to obtain, verify and record certain information and documentation that identifies Borrower and each of its Subsidiaries and their principals, which information includes the name and address of Borrower and each of its Subsidiaries and their principals and such other information that will allow

Collateral Agent to identify such party in accordance with Anti-Terrorism Laws. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries permit any Affiliate to, directly or indirectly, knowingly enter into any documents, instruments, agreements or contracts with any Person listed on the OFAC Lists. Borrower and each of its Subsidiaries shall immediately notify Collateral Agent if Borrower or such Subsidiary has knowledge that Borrower, or any Subsidiary or Affiliate of Borrower, is listed on the OFAC Lists or (a) is convicted on, (b) pleads *nolo contendere* to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. Neither Borrower nor any of its Subsidiaries shall, nor shall Borrower or any of its Subsidiaries, permit any Affiliate to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 or any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

8. EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1. Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day grace period shall not apply to payments due on the Maturity Date or the date of acceleration pursuant to Section 9.1 (a) hereof). During the cure period, the failure to cure the payment default is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2. Covenant Default.

(a) Borrower or any of its Subsidiaries fails or neglects to perform any obligation in Sections 6.2 (Financial Statements, Reports, Certificates), 6.4 (Taxes), 6.5 (Insurance), 6.6 (Operating Accounts), 6.7 (Protection of Intellectual Property Rights), 6.9 (Notice of Litigation and Default), 6.11 (Landlord Waivers; Bailee Waivers), 6.12 (Creation/Acquisition of Subsidiaries) or 6.13 (Further Assurances) or Borrower violates any covenant in Section 7; or

(b) Borrower, or any of its Subsidiaries, fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Grace periods provided under this Section shall not apply, among other things, to financial covenants or any other covenants set forth in subsection (a) above;

8.3. Material Adverse Change. A Material Adverse Change occurs;

8.4. Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or any of its Subsidiaries or of any entity under control of Borrower or its Subsidiaries on deposit with any Lender or any Lender's Affiliate or any bank or other institution at which Borrower or any of its Subsidiaries maintains a Collateral Account, or (ii) a notice of lien, levy, or assessment is filed against Borrower or any of its Subsidiaries or their respective assets by any Government Authority and the same under subclauses (i) and

(ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; and

(b) (i) any material portion of Borrower's or any of its Subsidiaries' assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower or any of its Subsidiaries from conducting any part of its business;

8.5. Insolvency. (a) Borrower or any of its Subsidiaries is or becomes Insolvent; (b) Borrower or any of its Subsidiaries begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower or any of its Subsidiaries and not dismissed or stayed within forty-five (45) days (but no Credit Extensions shall be made while Borrower or any Subsidiary is Insolvent and/or until any Insolvency Proceeding is dismissed);

8.6. Other Agreements. There is a default in any agreement to which Borrower or any of its Subsidiaries is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of One Hundred Thousand Dollars ($100,000.00) or that could reasonably be expected to have a Material Adverse Change;

8.7. Judgments. One or more judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least One Hundred Thousand Dollars ($100,000.00) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower or any of its Subsidiaries and shall remain unsatisfied, unvacated, or unstayed for a period of ten (10) days after the entry thereof (provided that no Credit Extensions will be made prior to the satisfaction, vacation, or stay of such judgment, order or decree);

8.8. Misrepresentations. Borrower or any of its Subsidiaries or any Person acting for Borrower or any of its Subsidiaries in connection with the transactions contemplated hereby makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Collateral Agent and/or Lenders or to induce Collateral Agent and/or the Lenders to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9. Subordinated Debt. A default or breach occurs under any agreement between Borrower or any of its Subsidiaries and any creditor of Borrower or any of its Subsidiaries that signed a subordination, intercreditor, or other similar agreement with Collateral Agent or the Lenders, or any creditor that has signed such an agreement with Collateral Agent or the Lenders breaches any terms of such agreement;

8.10. Guaranty. (a) Any Guaranty terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any Guaranty; (c) any circumstance described in Sections 8.3, 8.4, 8.5, 8.7, or 8.8 occurs with respect to any Guarantor, or (d) the liquidation, winding up, or termination of existence of any Guarantor.

8.11. Governmental Approvals. Any Governmental Approval shall have been revoked, rescinded, suspended, modified in an adverse manner, or not renewed in the ordinary course for a full term *and* such revocation, rescission, suspension, modification or non-renewal has resulted in or could reasonably be expected to result in a Material Adverse Change; or

8.12. Lien Priority. Any Lien created hereunder or by any other Loan Document shall at any time fail to constitute a valid and perfected Lien on any of the Collateral purported to be secured thereby, subject to no prior or equal Lien, other than Permitted Liens which are permitted to have priority in accordance with the terms of this Agreement.

9. RIGHTS AND REMEDIES

9.1. Rights and Remedies.

(a) Upon the occurrence and during the continuance of an Event of Default, Collateral Agent may, and at the written direction of Required Lenders shall, without notice or demand, do any or all of the following: (i) deliver notice of the Event of Default to Borrower, (ii) by notice to Borrower declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations shall be immediately due and payable without any action by Collateral Agent or the Lenders) or (iii) by notice to Borrower suspend or terminate the obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders (but if an Event of Default described in Section 8.5 occurs all obligations, if any, of the Lenders to advance money or extend credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Collateral Agent and/or the Lenders shall be immediately terminated without any action by Collateral Agent or the Lenders).

(b) Without limiting the rights of Collateral Agent and the Lenders set forth in Section 9.1(a) above, upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall have the right, without notice or demand, to do any or all of the following:

(i) foreclose upon and/or sell or otherwise liquidate, the Collateral;

(ii) apply to the Obligations any (a) balances and deposits of Borrower that Collateral Agent or any Lender holds or controls, or (b) any amount held or controlled by Collateral Agent or any Lender owing to or for the credit or the account of Borrower; and/or

(iii) commence and prosecute an Insolvency Proceeding or consent to Borrower commencing any Insolvency Proceeding.

(c) Without limiting the rights of Collateral Agent and the Lenders set forth in Sections 9.1(a) and (b) above, upon the occurrence and during the continuance of an Event of Default, Collateral Agent shall have the right, without notice or demand, to do any or all of the following:

(i) settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Collateral Agent considers advisable, notify any Person owing Borrower money of Collateral Agent's security interest in such funds, and verify the amount of such account;

(ii) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Collateral Agent requests and make it available in a location as Collateral Agent reasonably designates. Collateral Agent may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Collateral Agent a license to enter and occupy any of its premises, without charge, to exercise any of Collateral Agent's rights or remedies;

(iii) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, and/or advertise for sale, the Collateral. Collateral Agent is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's and each of its Subsidiaries' labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Collateral Agent's exercise of its rights under this Section 9.1, Borrower's and each of its Subsidiaries' rights under all licenses and all franchise agreements inure to Collateral Agent, for the benefit of the Lenders;

(iv) place a "hold" on any account maintained with Collateral Agent or the Lenders and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(v) demand and receive possession of Borrower's Books;

(vi) appoint a receiver to seize, manage and realize any of the Collateral, and such receiver shall have any right and authority as any competent court will grant or authorize in accordance with any applicable law, including any power or authority to manage the business of Borrower or any of its Subsidiaries;

(vii) subject to clauses 9.1(a) and (b), exercise all rights and remedies available to Collateral Agent and each Lender under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof);

(viii) for any Letters of Credit, demand that Borrower (i) deposit cash with Bank in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then one hundred five percent (105%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then one hundred ten percent (110%), of the Dollar Equivalent of the aggregate face amount of all Letters of Credit remaining undrawn (plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and(ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit; and

(ix) terminate any FX Contracts.

Notwithstanding any provision of this Section 9.1 to the contrary, upon the occurrence of any Event of Default, Collateral Agent shall have the right to exercise any and all remedies referenced in this Section 9.1 without the written consent of Required Lenders following the occurrence of an Exigent Circumstance. As used in the immediately preceding sentence, "**Exigent Circumstance**" means any event or circumstance that, in the reasonable judgment of Collateral Agent, imminently threatens the ability of Collateral Agent to realize upon all or any material portion of the Collateral, such as, without limitation, fraudulent removal, concealment, or abscondment thereof, destruction or material waste thereof, or failure of Borrower or any of its Subsidiaries after reasonable demand to maintain or reinstate adequate casualty insurance coverage, or which, in the judgment of Collateral Agent, could reasonably be expected to result in a material diminution in value of the Collateral.

9.2. Power of Attorney. Borrower hereby irrevocably appoints Collateral Agent as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's or any of its Subsidiaries' name on any checks or other forms of payment or security; (b) sign Borrower's or any of its Subsidiaries' name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Collateral Agent determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Collateral Agent or a third party as the Code or any applicable law permits. Borrower hereby appoints Collateral Agent as its lawful attorney-in-fact to sign Borrower's or any of its Subsidiaries' name on any documents necessary to perfect or continue the perfection of Collateral Agent's security interest in the Collateral regardless of whether an Event of Default has occurred until the Lien Termination Date. Collateral Agent's foregoing appointment as Borrower's or any of its Subsidiaries' attorney in fact, and all of Collateral Agent's rights and powers, coupled with an interest, are irrevocable until the Lien Termination Date.

9.3. Protective Payments. If Borrower or any of its Subsidiaries fail to obtain the insurance called for by Section 6.5 or fails to pay any premium thereon or fails to pay any other amount which Borrower or any of its Subsidiaries is obligated to pay under this Agreement or any other Loan Document, Collateral Agent may obtain such insurance or make such payment, and all amounts so paid by Collateral Agent are Lenders' Expenses and immediately due and payable, bearing interest at the Default Rate, and secured by the Collateral. Collateral Agent will make reasonable efforts to provide Borrower with notice of Collateral Agent obtaining such insurance or making such payment at the time it is obtained or paid or within a reasonable time thereafter. No such payments by Collateral Agent are deemed an agreement to make similar payments in the future or Collateral Agent's waiver of any Event of Default.

9.4. Application of Payments and Proceeds. Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, (a) Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Collateral Agent from or on behalf of Borrower or any of its Subsidiaries of all or any part of the Obligations, and, as between Borrower on the one hand and Collateral Agent and Lenders on the other, Collateral Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Collateral Agent may deem advisable notwithstanding any previous application by Collateral Agent, and (b) the proceeds of any sale of, or other realization upon all or any part of the Collateral shall be applied: first, to the Lenders' Expenses; second, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the United States Bankruptcy Code, would have accrued on such amounts); third, to the principal amount of the Obligations outstanding; and fourth, to any other indebtedness or obligations of Borrower owing to Collateral Agent or any Lender under the Loan Documents. Any balance remaining shall be delivered to Borrower or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category. Any reference in this Agreement to an allocation between or sharing by the Lenders of any right, interest or obligation "ratably," "proportionally" or in similar terms shall refer to Pro Rata Share unless expressly provided otherwise. Collateral Agent, or if applicable, each Lender, shall promptly remit to the other Lenders such sums as may be necessary to ensure the ratable repayment of each Lender's portion of any Term Loan and the ratable distribution of interest, fees and reimbursements paid or made by Borrower. Notwithstanding the foregoing, a Lender receiving a scheduled payment shall not be responsible for determining whether the other Lenders also received their scheduled payment on such date; provided, however, if it is later determined that a Lender received more than its ratable share of scheduled payments made on any date or dates, then such Lender shall remit to Collateral Agent or other Lenders such sums as may be necessary to ensure the ratable payment of such scheduled payments, as instructed by Collateral Agent. If any payment or distribution of any kind or character, whether in cash, properties or securities, shall be received by a Lender in excess of its ratable share, then the portion of such payment or distribution in excess of such Lender's ratable share shall be received by such Lender in trust for and shall be promptly paid over to the other Lender for application to the payments of amounts due on the other Lenders' claims. To the extent any payment for the account of Borrower is required to be returned as a voidable transfer or otherwise, the Lenders shall contribute to one another as is necessary to ensure that such return of payment is on a pro rata basis. If any Lender shall obtain possession of any Collateral, it shall hold such Collateral for itself and as agent and bailee for Collateral Agent and other Lenders for purposes of perfecting Collateral Agent's security interest therein.

9.5. Liability for Collateral. So long as Collateral Agent and the Lenders comply with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Collateral Agent and the Lenders, Collateral Agent and the Lenders shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6. No Waiver; Remedies Cumulative. Failure by Collateral Agent or any Lender, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Collateral Agent or any Lender thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Collateral Agent and the Required Lenders and then is only effective for the specific instance and purpose for which it is given. The rights and remedies of Collateral Agent and the Lenders under this Agreement and the other Loan Documents are cumulative. Collateral Agent and the Lenders have all rights and remedies provided under the Code, any applicable law, by law, or in equity. The exercise by Collateral Agent or any Lender of one right or remedy is not an election, and Collateral Agent's or any Lender's waiver of any Event of Default is not a continuing waiver. Collateral Agent's or any Lender's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7. Demand Waiver. Borrower waives, to the fullest extent permitted by law, demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release,

compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Collateral Agent or any Lender on which Borrower or any Subsidiary is liable.

10. NOTICES

All notices, consents, requests, approvals, demands, or other communication (collectively, "**Communication**") by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission, provided however, that if such transmission is not on a Business Day, on the next Business Day after transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Any of Collateral Agent, Lender or Borrower may change its mailing address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	ANAPTYSBIO, INC. 10421 Pacific Center Court Suite 200 San Diego, CA 92121 Attn: Hamza Suria Fax: (858) 366-9055 Email: hsuria@anaptysbio.com
with a copy (which shall not constitute notice) to:	FENWICK & WEST LLP 555 California Street San Francisco, CA 94104 Attn: Matthew Rossiter Email: mrossiter@fenwick.com
If to Collateral Agent:	OXFORD FINANCE LLC 133 North Fairfax Street Alexandria, Virginia 22314 Attention: Legal Department Fax: (703) 519-5225 Email: LegalDepartment@oxfordfinance.com
with a copy to	SILICON VALLEY BANK 4370 La Jolla Village Drive, Suite 1050 San Diego, CA 92122 Attn: Michael White Fax: (858) 784-3310 Email: mwhite@svb.com
with a copy (which shall not constitute notice) to:	Cooley LLP 4401 Eastgate Mall San Diego, CA 92121-1909 Attn: George Samuel Fax: (858) 550 6420 Email: gsamuel@cooley.com

11. CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER, AND JUDICIAL REFERENCE

California law governs the Loan Documents without regard to principles of conflicts of law. Borrower, Collateral Agent and each Lender each submit to the exclusive jurisdiction of the State and Federal courts in Santa

Clara County, California; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Collateral Agent or any Lender from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Collateral Agent or any Lender. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER, COLLATERAL AGENT AND EACH LENDER EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR EACH PARTY TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

12. GENERAL PROVISIONS

12.1. Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not transfer, pledge or assign this Agreement or any rights or obligations under it without Collateral Agent's and each Lender's prior written consent (which may be granted or withheld in Collateral Agent's and each Lender's discretion, subject to Section 12.6). The Lenders have the right, without the consent of or notice to Borrower, to sell, transfer, assign, pledge, negotiate, or grant participation in (**any** such sale, transfer, assignment, negotiation, or grant of a participation, a "**Lender Transfer**") all or any part of, or any interest in, the Lenders' obligations, rights, and benefits under this Agreement and the other Loan Documents; *provided*, *however*, that any such Lender Transfer (other than a transfer, pledge, sale or assignment to an Eligible

Assignee) of its obligations, rights, and benefits under this Agreement and the other Loan Documents shall require the prior written consent of the Required Lenders (such approved assignee, an "**Approved Lender**"). Borrower and Collateral Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned until Collateral Agent shall have received and accepted an effective assignment agreement in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee or Approved Lender as Collateral Agent reasonably shall require. Notwithstanding anything to the contrary contained herein, so long as no Event of Default has occurred and is continuing, no Lender Transfer (other than a Lender Transfer (i) in respect of the Warrants or (ii) in connection with (x) assignments by a Lender due to a forced divestiture at the request of any regulatory agency; or (y) upon the occurrence of a default, event of default or similar occurrence with respect to a Lender's own financing or securitization transactions) shall be permitted, without Borrower's consent, to any Person which is an Affiliate or Subsidiary of Borrower, a direct competitor of Borrower or a vulture hedge fund, each as determined by Collateral Agent.

12.2. Indemnification. Borrower agrees to indemnify, defend and hold Collateral Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Collateral Agent or the Lenders (each, an "**Indemnified Person**") harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "**Claims**") asserted by any other party in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents; and (b) all losses or Lenders' Expenses incurred, or paid by Indemnified Person in connection with; related to; following; or arising from, out of or under, the transactions contemplated by the Loan Documents between Collateral Agent, and/or the Lenders and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct. Borrower hereby further indemnifies, defends and holds each Indemnified Person harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnified Person) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnified Person shall be designated a party thereto and including any such proceeding initiated by or on behalf of Borrower, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Collateral Agent or Lenders) asserting any right to payment for the transactions contemplated hereby which may be imposed on, incurred by or asserted against such Indemnified Person as a result of or in connection with the transactions contemplated hereby and the use or intended use of the proceeds of the loan proceeds except for liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements directly caused by such Indemnified Person's gross negligence or willful misconduct.

12.3. Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.4. Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.5. Correction of Loan Documents. Collateral Agent and the Lenders may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties.

12.6. Amendments in Writing; Integration. (a) No amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, or any consent to any departure by Borrower or any of its Subsidiaries therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower, Collateral Agent and the Required Lenders provided that:

(i) no such amendment, waiver or other modification that would have the effect of increasing or reducing a Lender's Term Loan Commitment or Commitment Percentage shall be effective as to such Lender without such Lender's written consent;

(ii) no such amendment, waiver or modification that would affect the rights and duties of Collateral Agent shall be effective without Collateral Agent's written consent or signature;

(iii) no such amendment, waiver or other modification shall, unless signed by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to any Term Loan or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to any Term Loan (B) postpone the date fixed for, or waive, any payment of principal of any Term Loan or of interest on any Term Loan (other than default interest) or any fees provided for hereunder (other than late charges or for any termination of any commitment); (C) change the definition of the term "**Required Lenders**" or the percentage of Lenders which shall be required for the Lenders to take any action hereunder; (D) release all or substantially all of any material portion of the Collateral, authorize Borrower to sell or otherwise dispose of all or substantially all or any material portion of the Collateral or release any Guarantor of all or any portion of the Obligations or its guaranty obligations with respect thereto, except, in each case with respect to this clause (D), as otherwise may be expressly permitted under this Agreement or the other Loan Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 12.6 or the definitions of the terms used in this Section 12.6 insofar as the definitions affect the substance of this Section 12.6; (F) consent to the assignment, delegation or other transfer by Borrower of any of its rights and obligations under any Loan Document or release Borrower of its payment obligations under any Loan Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; (G) amend any of the provisions of Section 9.4 or amend any of the definitions of Pro Rata Share, Term Loan Commitment, Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder; (H) subordinate the Liens granted in favor of Collateral Agent securing the Obligations; or (I) amend any of the provisions of Section 12.10. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F), (G) and (H) of the preceding sentence;

(iv) the provisions of the foregoing clauses (i), (ii) and (iii) are subject to the provisions of any interlender or agency agreement among the Lenders and Collateral Agent pursuant to which any Lender may agree to give its consent in connection with any amendment, waiver or modification of the Loan Documents only in the event of the unanimous agreement of all Lenders.

(b) Other than as expressly provided for in Section 12.6(a)(i)-(iii), Collateral Agent may, if requested by the Required Lenders, from time to time designate covenants in this Agreement less restrictive by notification to a representative of Borrower.

(c) This Agreement and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

12.7. Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.8. Survival. All covenants, representations and warranties made in this Agreement continue in full force and effect until this Agreement has terminated pursuant to its terms and the Lien Termination Date has occurred. Without limiting the foregoing, except as otherwise provided in Section 4.1, the grant of security interest by Borrower in Section 4.1 shall survive until the termination of all Bank Services Agreements. The obligation of Borrower in Section 12.2 to indemnify each Lender and Collateral Agent, as well as the confidentiality provisions in Section 12.9 below, shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.9. Confidentiality. In handling any confidential information of Borrower, the Lenders and Collateral Agent shall exercise the same degree of care that it exercises for their own proprietary information, but disclosure of information may be made: (a) subject to the terms and conditions of this Agreement, to the Lenders' and Collateral Agent's Subsidiaries or Affiliates, or in connection with a Lender's own financing or securitization transactions and upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; (b) to prospective transferees (other than those identified in (a) above) or purchasers of any interest in the Credit Extensions (provided, however, the Lenders and Collateral Agent shall,

except upon the occurrence and during the continuance of an Event of Default, obtain such prospective transferee's or purchaser's agreement to the terms of this provision or to similar confidentiality terms); (c) as required by law, regulation, subpoena, or other order; (d) to Lenders' or Collateral Agent's regulators or as otherwise required in connection with an examination or audit; (e) as Collateral Agent reasonably considers appropriate in exercising remedies under the Loan Documents; and (f) to third party service providers of the Lenders and/or Collateral Agent so long as such service providers have executed a confidentiality agreement with the Lenders and Collateral Agent with terms no less restrictive than those contained herein. Confidential information does not include information that either: (i) is in the public domain or in the Lenders' and/or Collateral Agent's possession when disclosed to the Lenders and/or Collateral Agent, or becomes part of the public domain after disclosure to the Lenders and/or Collateral Agent; or (ii) is disclosed to the Lenders and/or Collateral Agent by a third party, if the Lenders and/or Collateral Agent does not know that the third party is prohibited from disclosing the information. Collateral Agent and the Lenders may use confidential information for any purpose, including, without limitation, for the development of client databases, reporting purposes, and market analysis. The provisions of the immediately preceding sentence shall survive the termination of this Agreement. The agreements provided under this Section 12.9 supersede all prior agreements, understanding, representations, warranties, and negotiations between the parties about the subject matter of this Section 12.9.

12.10. Right of Set Off. Borrower hereby grants to Collateral Agent and to each Lender, a lien, security interest and right of set off as security for all Obligations to Collateral Agent and each Lender hereunder, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Collateral Agent or the Lenders or any entity under the control of Collateral Agent or the Lenders (including a Collateral Agent affiliate) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Collateral Agent or the Lenders may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE COLLATERAL AGENT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.11. Silicon Valley Bank as Agent. Collateral Agent hereby appoints SVB as its agent (and SVB hereby accepts such appointment) for the purpose of perfecting Collateral Agent's Liens in assets which, in accordance with Article 8 or Article 9, as applicable, of the Code can be perfected by possession or control, including without limitation, all deposit accounts maintained at SVB.

12.12. Cooperation of Borrower. If necessary, Borrower agrees to (i) execute any documents (including new Secured Promissory Notes) reasonably required to effectuate and acknowledge each assignment of a Term Loan Commitment or Loan to an assignee in accordance with Section 12.1, (ii) make Borrower's management available to meet with Collateral Agent and prospective participants and assignees of Term Loan Commitments or Credit Extensions (which meetings shall be conducted no more often once every six months unless an Event of Default has occurred and is continuing), and (iii) assist Collateral Agent or the Lenders in the preparation of information relating to the financial affairs of Borrower as any prospective participant or assignee of a Term Loan Commitment or Term Loan reasonably may request. Subject to the provisions of Section 12.9, Borrower authorizes each Lender to disclose to any prospective participant or assignee of a Term Loan Commitment, any and all information in such Lender's possession concerning Borrower and its financial affairs which has been delivered to such Lender by or on behalf of Borrower pursuant to this Agreement, or which has been delivered to such Lender by or on behalf of Borrower in connection with such Lender's credit evaluation of Borrower prior to entering into this Agreement.

13. DEFINITIONS

13.1. Definitions. As used in this Agreement, the following terms have the following meanings:

"**Account**" is any "account" as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

"**Account Debtor**" is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made.

"**Affiliate**" of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Agreement**" is defined in the preamble hereof.

"**Amortization Date**" is February 1, 2016, but if the Term B Loans are advanced, such date shall be August 1, 2016 and if the Term C Loans are advanced, such date shall be February 1, 2017.

"**Annual Projections**" is defined in Section 6.2(a).

"**Anti-Terrorism Laws**" are any laws relating to terrorism or money laundering, including Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the laws comprising or implementing the Bank Secrecy Act, and the laws administered by OFAC.

"**Approved Fund**" is any (i) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business or (ii) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (i) and that, with respect to each of the preceding clauses (i) and (ii), is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender.

"**Approved Lender**" is defined in Section 12.1.

"**Australia Subsidiary**" means that certain Subsidiary of Borrower to be formed under the laws of Australia in accordance with the provisions of this Agreement and based substantially on the terms and conditions as provided to Collateral Agent and Lenders in writing as of the date hereof.

"**Bank Services**" are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "Bank Services Agreement").

"**Bank**" is defined in the preamble hereof.

"**Basic Rate**" is, with respect to a Term Loan, the per annum rate of interest (based on a year of three hundred sixty (360) days) equal to the greater of (i) six and ninety five hundredths percent (6.95%) and (ii) the sum of (a) the three (3) month U.S. LIBOR rate reported in The Wall Street Journal three (3) Business Days prior to the Funding Date of such Term Loan (which shall not, in any case, be less than twenty three hundredths percent (0.23%), plus (b) six and seventy two hundredths percent (6.72%).

"**Blocked Person**" is any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224, or (e) a Person that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list.

"**Borrower**" is defined in the preamble hereof.

"**Borrower's Books**" are Borrower's or any of its Subsidiaries' books and records including ledgers, federal, and state tax returns, records regarding Borrower's or its Subsidiaries' assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which Collateral Agent is closed.

"**Cash Equivalents**" are (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc., and (c) certificates of deposit maturing no more than one (1) year after issue provided that the account in which any such certificate of deposit is maintained is subject to a Control Agreement in favor of Collateral Agent. For the avoidance of doubt, the direct purchase by Borrower or any of its Subsidiaries of any Auction Rate Securities, or purchasing participations in, or entering into any type of swap or other derivative transaction, or otherwise holding or engaging in any ownership interest in any type of Auction Rate Security by Borrower or any of its Subsidiaries shall be conclusively determined by the Lenders as an ineligible Cash Equivalent, and any such transaction shall expressly violate each other provision of this Agreement governing Permitted Investments. Notwithstanding the foregoing, Cash Equivalents does not include and Borrower, and each of its Subsidiaries, are prohibited from purchasing, purchasing participations in, entering into any type of swap or other equivalent derivative transaction, or otherwise holding or engaging in any ownership interest in any type of debt instrument, including, without limitation, any corporate or municipal bonds with a long-term nominal maturity for which the interest rate is reset through a dutch auction and more commonly referred to as an auction rate security (each, an "**Auction Rate Security**").

"**Claims**" are defined in Section 12.2.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Collateral Agent's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A.

"**Collateral Account**" is any Deposit Account, Securities Account, or Commodity Account, or any other bank account maintained by Borrower or any Subsidiary at any time.

"**Collateral Agent**" is, Oxford, not in its individual capacity, but solely in its capacity as agent on behalf of and for the benefit of the Lenders.

"**Commitment Percentage**" is set forth in Schedule 1.1, as amended from time to time.

"**Commodity Account**" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"**Communication**" is defined in Section 10.

"**Compliance Certificate**" is that certain certificate in the form attached hereto as Exhibit C.

"**Contingent Obligation**" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" is any control agreement entered into among the depository institution at which Borrower or any of its Subsidiaries maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower or any of its Subsidiaries maintains a Securities Account or a Commodity Account, Borrower and such Subsidiary, and Collateral Agent pursuant to which Collateral Agent obtains control (within the meaning of the Code) for the benefit of the Lenders over such Deposit Account, Securities Account, or Commodity Account.

"**Copyrights**" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"**Core IP**" means Intellectual Property required to protect Borrower's (i) existing somatic hypermutation technology platform as utilized on an on-going basis for antibody development, (ii) antibody product programs actively being pursued as part of the company's internal or partnered pipeline, including but without limitation the anti-IL-33 and anti-IL-36R antibody programs, and (iii) future acquired or developed Intellectual Property that is material to Borrower's then-current business.

"**Credit Extension**" is any Term Loan or any other extension of credit by Collateral Agent or Lenders for Borrower's benefit.

"**Default Rate**" is defined in Section 2.3(b).

"**Deposit Account**" is any "deposit account" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is Borrower's deposit account, account number XXXX046061, maintained with Bank.

"**Disbursement Letter**" is that certain form attached hereto as Exhibit B-1.

"**Dollar Equivalent**" is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

"**Dollars**," "**dollars**" and "$" each mean lawful money of the United States.

"**Effective Date**" is defined in the preamble of this Agreement.

"**Eligible Assignee**" is (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund and (iv) any commercial bank, savings and loan association or savings bank or any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act of 1933, as amended) and which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial

finance companies, in each case, which either (A) has a rating of BBB or higher from Standard & Poor's Rating Group and a rating of Baa2 or higher from Moody's Investors Service, Inc. at the date that it becomes a Lender or (B) has total assets in excess of Five Billion Dollars ($5,000,000,000.00), and in each case of clauses (i) through (iv), which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes; provided that notwithstanding the foregoing, "Eligible Assignee" shall not include, unless an Event of Default has occurred and is continuing, (i) Borrower or any of Borrower's Affiliates or Subsidiaries or (ii) a direct competitor of Borrower or a vulture hedge fund, each as determined by Collateral Agent. Notwithstanding the foregoing, (x) in connection with assignments by a Lender due to a forced divestiture at the request of any regulatory agency, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party and (y) in connection with a Lender's own financing or securitization transactions, the restrictions set forth herein shall not apply and Eligible Assignee shall mean any Person or party providing such financing or formed to undertake such securitization transaction and any transferee of such Person or party upon the occurrence of a default, event of default or similar occurrence with respect to such financing or securitization transaction; provided that no such sale, transfer, pledge or assignment under this clause (y) shall release such Lender from any of its obligations hereunder or substitute any such Person or party for such Lender as a party hereto until Collateral Agent shall have received and accepted an effective assignment agreement from such Person or party in form satisfactory to Collateral Agent executed, delivered and fully completed by the applicable parties thereto, and shall have received such other information regarding such Eligible Assignee as Collateral Agent reasonably shall require.

"**Equipment**" is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**ERISA**" is the Employee Retirement Income Security Act of 1974, as amended, and its regulations.

"**Event of Default**" is defined in Section 8.

"**Final Payment**" is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the earliest to occur of (a) the Maturity Date, or (b) the acceleration of any Term Loan, or (c) the prepayment of a Term Loan pursuant to Section 2.2(c) or (d), equal to the original principal amount of such Term Loan multiplied by the Final Payment Percentage, payable to Lenders in accordance with their respective Pro Rata Shares.

"**Final Payment Percentage**" is five percent (5.00%).

"**Foreign Currency**" means lawful money of a country other than the United States.

"**Foreign Subsidiary**" is a Subsidiary that is not an entity organized under the laws of the United States or any State or territory thereof.

"**Funding Date**" is any date on which a Credit Extension is made to or on account of Borrower which shall be a Business Day.

"**FX Contract**" is any foreign exchange contract by and between Borrower and Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency on a specified date.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession in the United States, which are applicable to the circumstances as of the date of determination.

"**General Intangibles**" are all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all copyright rights,

copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, trademarks, service marks and, to the extent permitted under applicable law, any applications therefor, whether registered or not, any trade secret rights, including any rights to unpatented inventions, payment intangibles, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, domain names, claims, income and other tax refunds, security and other deposits, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Guarantor**" is any Person providing a Guaranty in favor of Collateral Agent.

"**Guaranty**" is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"**Indemnified Person**" is defined in Section 12.2.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"**Insolvent**" means not Solvent.

"**Intellectual Property**" means all of Borrower's or any Subsidiary's right, title and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;

(c) any and all source code;

(d) any and all design rights which may be available to Borrower;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and Patents.

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"**Inventory**" is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of any Person's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance, payment or capital contribution to any Person.

"**Key Person**" is each of Borrower's (i) Chief Executive Officer, who is Hamza Suria as of the Effective Date and (ii) Chief Development Officer, who is Marco Londei as of the Effective Date.

"**Lender**" is any one of the Lenders.

"**Lenders**" are the Persons identified on Schedule 1.1 hereto and each assignee that becomes a party to this Agreement pursuant to Section 12.1.

"**Lenders' Expenses**" are all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses, as well as appraisal fees, fees incurred on account of lien searches, inspection fees, and filing fees) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred by Collateral Agent and/or the Lenders in connection with the Loan Documents.

"**Letter of Credit**" is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest, or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Lien Termination Date**" means the date upon which all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied in full, and Collateral Agent and the Lenders are under no further obligation to make Credit Extensions hereunder, and the Collateral Agent is obligated to terminate the Liens on the Collateral granted under this Agreement pursuant to Section 4.2(b) or 4.2(c).

"**Loan Documents**" are, collectively, this Agreement, the Warrants, the Perfection Certificates, each Compliance Certificate, each Disbursement Letter, each Loan Payment/Advance Request Form and any Bank Services Agreement, the Post Closing Letter, any subordination agreements, any note, or notes or guaranties executed by Borrower or any other Person, and any other present or future agreement entered into by Borrower, any Guarantor or any other Person for the benefit of the Lenders and Collateral Agent in connection with this Agreement; all as amended, restated, or otherwise modified.

"**Loan Payment/Advance Request Form**" is that certain form attached hereto as Exhibit B-2.

"**Material Adverse Change**" is (a) a material impairment in the perfection or priority of Collateral Agent's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations or condition (financial or otherwise) or prospects of Borrower or any Subsidiary; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

"**Maturity Date**" is January 1, 2019.

"**Non-Core IP**" means Borrower's Intellectual Property that is not Core IP.

"**Obligations**" are all of Borrower's obligations to pay when due any debts, principal, interest, Lenders' Expenses, the Prepayment Fee, the Final Payment, and other amounts Borrower owes the Lenders now or later, in

connection with, related to, following, or arising from, out of or under, this Agreement or, the other Loan Documents (other than the Warrants), or otherwise, including, without limitation, all obligations relating to letters of credit (including reimbursement obligations for drawn and undrawn letters of credit), cash management services, and foreign exchange contracts, if any, and including interest accruing after Insolvency Proceedings begin (whether or not allowed) and debts, liabilities, or obligations of Borrower assigned to the Lenders and/or Collateral Agent, and the performance of Borrower's duties under the Loan Documents (other than the Warrants).

"**OFAC**" is the U.S. Department of Treasury Office of Foreign Assets Control.

"**OFAC Lists**" are, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Patents**" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Payment Date**" is the first (1st) calendar day of each calendar month.

"**Perfection Certificate**" and "**Perfection Certificates**" is defined in Section 5.1.

"**Permitted Indebtedness**" is:

(a) Borrower's Indebtedness to the Lenders and Collateral Agent under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date and disclosed on the Perfection Certificate(s);

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness consisting of capitalized lease obligations and purchase money Indebtedness, in each case incurred by Borrower or any of its Subsidiaries to finance the acquisition, repair, improvement or construction of fixed or capital assets of such person, provided that (i) the aggregate outstanding principal amount of all such Indebtedness does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) at any time and (ii) the principal amount of such Indebtedness does not exceed the lower of the cost or fair market value of the property so acquired or built or of such repairs or improvements financed with such Indebtedness (each measured at the time of such acquisition, repair, improvement or construction is made);

(f) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of Borrower's business; and

(g) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (e) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose materially more burdensome terms upon Borrower, or its Subsidiary, as the case may be.

"**Permitted Investments**" are:

(a) Investments disclosed on the Perfection Certificate(s) and existing on the Effective Date;

(b) (i) Investments consisting of cash and Cash Equivalents, and (ii) any other Investments permitted by Borrower's investment policy, as amended from time to time, provided that such investment policy (and any such amendment thereto) has been approved in writing by Collateral Agent;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments consisting of deposit accounts in which Collateral Agent has a perfected security interest;

(e) Investments in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors; not to exceed Twenty Five Thousand Dollars ($25,000.00) in the aggregate for (i) and (ii) in any fiscal year;

(g) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(h) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (h) shall not apply to Investments of Borrower in any Subsidiary; and

(i) non-cash Investments in joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the non-exclusive licensing of technology, the development of technology or the providing of technical support.

"**Permitted Licenses**" are (A) licenses of over-the-counter software that is commercially available to the public, and (B) non-exclusive and exclusive licenses for the use of the Intellectual Property of Borrower or any of its Subsidiaries entered into in the ordinary course of business or which constitute licenses approved by Borrower's Board of Directors (whether in the ordinary course of business or otherwise), provided, that, with respect to each such license described in clause (B), (i) no Event of Default has occurred or is continuing at the time of such license and there is no breach of this Agreement as a consequence of entering into such license; (ii) the license constitutes an arms-length transaction, the terms of which, on their face, do not provide for a sale or assignment of any Core IP and do not restrict the ability of Borrower or any of its Subsidiaries, as applicable, to pledge, grant a security interest in or lien on, or assign or otherwise Transfer any Core IP; (iii) in the case of any exclusive license, (x) Borrower delivers written notice within thirty (30) days and a brief summary of the terms of the proposed license to Collateral Agent and the Lenders and delivers to Collateral Agent and the Lenders copies of the final executed licensing documents in connection with the exclusive license promptly upon consummation thereof, and (y) any such license with respect to Core IP could not result in a legal transfer of title of the licensed property but may be exclusive in respects other than territory and may be exclusive as to territory only as to discrete geographical areas outside of the United States; and (iv) all upfront payments, royalties, milestone payments or other proceeds arising from the licensing agreement that are payable to Borrower or any of its Subsidiaries are paid to a Deposit Account that is governed by a Control Agreement.

"**Permitted Liens**" are:

(a) Liens existing on the Effective Date and disclosed on the Perfection Certificates or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) liens securing Indebtedness permitted under clause (e) of the definition of "**Permitted Indebtedness**," provided that (i) such liens exist prior to the acquisition of, or attach substantially simultaneous with, or within twenty (20) days after the, acquisition, lease, repair, improvement or construction of, such property financed or leased by such Indebtedness and (ii) such liens do not extend to any property of Borrower other than the property (and proceeds thereof) acquired, leased or built, or the improvements or repairs, financed by such Indebtedness;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed Twenty Five Thousand Dollars ($25,000.00), and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Collateral Agent or any Lender a security interest therein;

(h) banker's liens, rights of setoff and Liens in favor of financial institutions incurred in the ordinary course of business arising in connection with Borrower's deposit accounts or securities accounts held at such institutions solely to secure payment of fees and similar costs and expenses and provided such accounts are maintained in compliance with Section 6.6(b) hereof;

(i) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Section 8.4 or 8.7; and

(j) Liens consisting of Permitted Licenses.

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Post Closing Letter**" is that certain Post Closing Letter dated as of the Effective Date by and between Collateral Agent and Borrower.

"**Prepayment Fee**" is, with respect to any Term Loan subject to prepayment prior to the Maturity Date, whether by mandatory or voluntary prepayment, acceleration or otherwise, an additional fee payable to the Lenders in amount equal to:

(i) for a prepayment made on or after the Funding Date of such Term Loan through and including the first anniversary of the Funding Date of such Term Loan, three percent (3.00%) of the principal amount of such Term Loan prepaid;

(ii) for a prepayment made after the date which is after the first anniversary of the Funding Date of such Term Loan through and including the second anniversary of the Funding Date of such Term Loan, two percent (2.00%) of the principal amount of the Term Loans prepaid; and

(iii) for a prepayment made after the date which is after the second anniversary of the Funding Date and prior to the Maturity Date, one percent (1.00%) of the principal amount of the Term Loans prepaid.

"**Pro Rata Share**" is, as of any date of determination, with respect to each Lender, a percentage (expressed as a decimal, rounded to the ninth decimal place) determined by dividing the outstanding principal amount of Term Loans held by such Lender by the aggregate outstanding principal amount of all Term Loans.

"**Registered Organization**" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"**Required Lenders**" means (i) for so long as all of the Persons that are Lenders on the Effective Date (each an "**Original Lender**") have not assigned or transferred any of their interests in their Term Loan, Lenders holding one hundred percent (100%) of the aggregate outstanding principal balance of the Term Loan, or (ii) at any time from and after any Original Lender has assigned or transferred any interest in its Term Loan, Lenders holding at least sixty six percent (66%) of the aggregate outstanding principal balance of the Term Loan and, in respect of this clause (ii), (A) each Original Lender that has not assigned or transferred any portion of its Term Loan, (B) each assignee or transferee of an Original Lender's interest in the Term Loan, but only to the extent that such assignee or transferee is an Affiliate or Approved Fund of such Original Lender, and (C) any Person providing financing to any Person described in clauses (A) and (B) above; provided, however, that this clause (C) shall only apply upon the occurrence of a default, event of default or similar occurrence with respect to such financing.

"**Requirement of Law**" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Responsible Officer**" is any of the President, Chief Executive Officer, or Chief Financial Officer of Borrower acting alone.

"**Second Draw Period**" is the period commencing on the date of the occurrence of the Term B Draw Event and ending on the earlier of (i) December 31, 2015 and (ii) the occurrence of an Event of Default; provided, however, that the Second Draw Period shall not commence if on the date of the occurrence of the Term B Draw Event an Event of Default has occurred and is continuing.

"**Secured Promissory Note**" is defined in Section 2.4.

"**Secured Promissory Note Record**" is a record maintained by each Lender with respect to the outstanding Obligations owed by Borrower to Lender and credits made thereto.

"**Securities Account**" is any "securities account" as defined in the Code with such additions to such term as may hereafter be made.

"**Solvent**" is, with respect to any Person: the fair salable value of such Person's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of such Person's liabilities; such Person is not left with unreasonably small capital after the transactions in this Agreement; and such Person is able to pay its debts (including trade debts) as they mature.

"**Subordinated Debt**" is indebtedness incurred by Borrower or any of its Subsidiaries subordinated to all Indebtedness of Borrower and/or its Subsidiaries to the Lenders (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Collateral Agent and the Lenders entered into between Collateral Agent, Borrower, and/or any of its Subsidiaries, and the other creditor), on terms acceptable to Collateral Agent and the Lenders.

"**Subsidiary**" is, with respect to any Person, any Person of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled, directly or indirectly, by such Person or through one or more intermediaries.

"**Term Loan**" is defined in Section 2.2(a) hereof.

"**Term A Loan**" is defined in Section 2.2(a)(i) hereof.

"**Term B Loan**" is defined in Section 2.2(a)(ii) hereof.

"**Term C Loan**" is defined in Section 2.2(a)(iii) hereof.

"**Term B Draw Event**" means the receipt by Collateral Agent and Lenders of evidence, in form and substance satisfactory to Collateral Agent and Lenders, of Borrower completing the first multi-dose PK/toxicology study relating to at least two (2) development programs, which may be either two (2) internal development programs or one (1) internal and one (1) partnered development program.

"**Term C Draw Event**" means the receipt by Collateral Agent and Lenders of evidence, in form and substance satisfactory to Collateral Agent and Lenders, of Borrower receiving FDA approval on IND submission on at least two (2) development programs, which may be either two (2) internal development programs or one (1) internal and one (1) partnered development program.

"**Term Loan Commitment**" is, for any Lender, the obligation of such Lender to make a Term Loan, up to the principal amount shown on Schedule 1.1. "**Term Loan Commitments**" means the aggregate amount of such commitments of all Lenders.

"**Third Draw Period**" is the period commencing on the date of the occurrence of the later of (i) the making of Term B Loans in accordance with the terms of this Agreement and (ii) the Term C Draw Event and ending on the earlier of (i) December 31, 2016 and (ii) the occurrence of an Event of Default; provided, however, that the Third Draw Period shall not commence if on the date of the occurrence of the later of (i) the advance of the Term B Loans and (ii) the Term C Draw Event, an Event of Default has occurred and is continuing.

"**Trademarks**" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

"**Transfer**" is defined in Section 7.1.

"**Warrants**" are those certain Warrants to Purchase Stock dated as of the Effective Date, or any date thereafter, issued by Borrower in favor of each Lender or such Lender's Affiliates.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

ANAPTYSBIO, INC.

By: /s/ Hamza Suria
Name: Hamza Suria
Title: President & CEO

COLLATERAL AGENT AND LENDER: OXFORD FINANCE LLC

OXFORD FINANCE LLC

By: /s/ Mark Davis
Name: Mark Davis
Title: Vice President – Finance, Secretary & Treasurer

LENDER:

SILICON VALLEY BANK

By: /s/ Anthony Flores
Name: Anthony Flores
Title: Vice President

SCHEDULE 1.1

Lenders and Commitments

Term A Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$ 2,500,000.00	50.00%
SILICON VALLEY BANK	$ 2,500,000.00	50.00%
TOTAL	**$ 5,000,000.00**	**100.00%**

Term B Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$ 2,500,000.00	50.00%
SILICON VALLEY BANK	$ 2,500,000.00	50.00%
TOTAL	**$ 5,000,000.00**	**100.00%**

Term C Loans

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$ 2,500,000.00	50.00%
SILICON VALLEY BANK	$ 2,500,000.00	50.00%
TOTAL	**$ 5,000,000.00**	**100.00%**

Aggregate (all Term Loans)

Lender	Term Loan Commitment	Commitment Percentage
OXFORD FINANCE LLC	$ 7,500,000.00	50.00%
SILICON VALLEY BANK	$ 7,500,000.00	50.00%
TOTAL	**$ 15,000,000.00**	**100.00%**

EXHIBIT A

Description of Collateral

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as noted below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (i) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property; provided that if a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Collateral Agent's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property; (ii) more than sixty five percent (65%) of the total combined voting power of all classes of stock entitled to vote the shares of capital stock of any Foreign Subsidiary, if Borrower demonstrates to Collateral Agent's reasonable satisfaction that a pledge of more than sixty five percent (65%) of the Shares of such Subsidiary creates a present and existing adverse tax consequence to Borrower under the U.S. Internal Revenue Code; (iii) more than sixty five percent (65%) of the total combined voting power of all classes of stock entitled to vote the shares of capital stock of the Australia Subsidiary; and (iv) any (x) inbound licenses of Intellectual Property in which Borrower is the licensee; or (y) real estate leasehold interests in which Borrower is the lessee; in each case of (x) and (y), to the extent the grant of a security interest with respect to such property would be prohibited by the agreement with the non-Borrower party or would otherwise constitute a default thereunder, provided that such property will automatically be deemed to be "Collateral" hereunder if such prohibition is unenforceable or ineffective and/or upon the termination, lapsing or expiration of any such prohibition.

Pursuant to the terms of a certain negative pledge arrangement with Collateral Agent and the Lenders, Borrower has agreed not to encumber any of its Intellectual Property.

EXHIBIT B-1

Form of Disbursement Letter

[see attached]

DISBURSEMENT LETTER

, 20

The undersigned, being the duly elected and acting of ANAPTYSBIO, INC., a Delaware corporation with offices located at 10421 Pacific Center Court, Suite 200, San Diego, CA 92121 ("**Borrower**"), does hereby certify to **OXFORD FINANCE LLC** ("**Oxford**" and "**Lender**"), as collateral agent (the "**Collateral Agent**") in connection with that certain Loan and Security Agreement dated as of November , 2014, by and among Borrower, Collateral Agent and the Lenders from time to time party thereto (the "**Loan Agreement**"; with other capitalized terms used below having the meanings ascribed thereto in the Loan Agreement) that:

1. The representations and warranties made by Borrower in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects as of the date hereof.

2. No event or condition has occurred that would constitute an Event of Default under the Loan Agreement or any other Loan Document.

3. Borrower is in compliance with the covenants and requirements contained in Sections 4, 6 and 7 of the Loan Agreement.

4. All conditions referred to in Section 3 of the Loan Agreement to the making of the Loan to be made on or about the date hereof have been satisfied or waived by Collateral Agent.

5. No Material Adverse Change has occurred.

6. The undersigned is a Responsible Officer.

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7. The proceeds of the Term [A][B][C] Loan shall be disbursed as follows:

Disbursement from Oxford:		
Loan Amount	$	
Plus:		
--Deposit Received	$	
Less:		
--Facility Fee	($	)
[--Interim Interest	($	)]
--Lender's Legal Fees	($	)*
Net Proceeds due from Oxford:	**$**	
Disbursement from SVB:		
Loan Amount	$	
Plus:		
--Deposit Received	$	
Less:		
--Facility Fee	($	)
[--Interim Interest	($	)]
Net Proceeds due from SVB:	**$**	
TOTAL TERM [A][B][C] LOAN NET PROCEEDS FROM LENDERS	**$**	

8. The Term [A][B][C] Loan shall amortize in accordance with the Amortization Table attached hereto.

9. The aggregate net proceeds of the Term Loans shall be transferred to the Designated Deposit Account as follows:

Account Name:	ANAPTYSBIO, INC.
Bank Name:	Silicon Valley Bank
Bank Address:	3003 Tasman Drive Santa Clara, California 95054
Account Number:	
ABA Number:	

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* Legal fees and costs are through the Effective Date. Post-closing legal fees and costs, payable after the Effective Date, to be invoiced and paid post-closing.

Dated as of the date first set forth above.

BORROWER:

ANAPTYSBIO, INC.

By _____
Name: _____
Title: _____

COLLATERAL AGENT AND LENDER:

OXFORD FINANCE LLC

By _____
Name: _____
Title: _____

LENDER:

SILICON VALLEY BANK

By _____
Name: _____
Title: _____

[Signature Page to Disbursement Letter]

AMORTIZATION TABLE
(Term [A][B][C] Loan)

[see attached]

EXHIBIT B-2

Loan Payment/Advance Request Form

DEADLINE FOR SAME DAY PROCESSING IS NOON PACIFIC TIME*

Fax To: Date: _____

LOAN PAYMENT:

ANAPTYSBIO, INC.

From Account # _____ To Account # _____
(Deposit Account #) (Loan Account #)

Principal $ _____ and/or Interest $ _____

Authorized Signature: _____ Phone Number: _____

Print Name/Title: _____

LOAN ADVANCE:

Complete *Outgoing Wire Request* section below if all or a portion of the funds from this loan advance are for an outgoing wire.

From Account # _____ To Account # _____
(Loan Account #) (Deposit Account #)

Amount of Advance $ _____

All Borrower's representations and warranties in the Loan and Security Agreement are true, correct and complete in all material respects on the date of the request for an advance; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date:

Authorized Signature: _____ Phone Number: _____

Print Name/Title: _____

OUTGOING WIRE REQUEST:

Complete only if all or a portion of funds from the loan advance above is to be wired.

Deadline for same day processing is noon, Pacific Time

Beneficiary Name: _____ Amount of Wire: $ _____

Beneficiary Bank: _____ Account Number: _____

City and State: _____

Beneficiary Bank Transit (ABA) #: _____ Beneficiary Bank Code (Swift, Sort, Chip, etc.): _____

(For International Wire Only)

Intermediary Bank: _____ Transit (ABA) #: _____

For Further Credit to: _____

Special Instruction: _____

By signing below, I (we) acknowledge and agree that my (our) funds transfer request shall be processed in accordance with and subject to the terms and conditions set forth in the agreements(s) covering funds transfer service(s), which agreements(s) were previously received and executed by me (us).

Authorized Signature: _____ 2nd Signature (if required): _____

Print Name/Title: _____ Print Name/Title: _____

Telephone #: _____ Telephone #: _____

EXHIBIT C

Compliance Certificate

TO: OXFORD FINANCE LLC, as Collateral Agent and Lender
SILICON VALLEY BANK, as Lender

FROM: ANAPTYSBIO, INC.

The undersigned authorized officer ("**Officer**") of ANAPTYSBIO, INC. ("**Borrower**"), hereby certifies that in accordance with the terms and conditions of the Loan and Security Agreement by and among Borrower, Collateral Agent, and the Lenders from time to time party thereto (the "**Loan Agreement**;" capitalized terms used but not otherwise defined herein shall have the meanings given them in the Loan Agreement),

(a) Borrower is in complete compliance for the period ending with all required covenants except as noted below;

(b) There are no Events of Default, except as noted below;

(c) Except as noted below, all representations and warranties of Borrower stated in the Loan Documents are true and correct in all material respects on this date and for the period described in (a), above; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date.

(d) Borrower, and each of Borrower's Subsidiaries, has timely filed all required tax returns and reports, Borrower, and each of Borrower's Subsidiaries, has timely paid all foreign, federal, state, and local taxes, assessments, deposits and contributions owed by Borrower, or Subsidiary, except as otherwise permitted pursuant to the terms of Section 5.8 of the Loan Agreement;

(e) No Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Collateral Agent and the Lenders.

Attached are the required documents, if any, supporting our certification(s). The Officer, on behalf of Borrower, further certifies that the attached financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) and are consistently applied from one period to the next except as explained in an accompanying letter or footnotes and except, in the case of unaudited financial statements, for the absence of footnotes and subject to year-end audit adjustments as to the interim financial statements.

Please indicate compliance status since the last Compliance Certificate by circling Yes, No, or N/A under "Complies" column.

	Reporting Covenant	Requirement	Actual	Complies		
1)	Financial statements	Monthly within 30 days		Yes	No	N/A
2)	Annual (CPA Audited) statements	Within 180 days after FYE		Yes	No	N/A
3)	Annual Financial Projections/Budget (prepared on a monthly basis)	Annually (within 10 days of FYE), and when revised		Yes	No	N/A

4)	A/R & A/P agings	If applicable		Yes	No	N/A
5)	8-K, 10-K and 10-Q Filings	If applicable, within 5 days of filing		Yes	No	N/A
6)	Compliance Certificate	Monthly within 30 days		Yes	No	N/A
7)	IP Report	When required		Yes	No	N/A
8)	Non-Core IP Report	Quarterly		Yes	No	N/A
9)	Total amount of Borrower's cash and cash equivalents at the last day of the measurement period		$	Yes	No	N/A
10)	Total amount of Borrower's Subsidiaries' cash and cash equivalents at the last day of the measurement period		$	Yes	No	N/A

Deposit and Securities Accounts

(Please list all accounts; attach separate sheet if additional space needed)

	Institution Name	**Account Number**	**New Account?**		**Account Control Agreement in place?**	
1)			Yes	No	Yes	No
2)			Yes	No	Yes	No
3)			Yes	No	Yes	No
4)			Yes	No	Yes	No

Other Matters

1)	Have there been any changes in management since the last Compliance Certificate?	Yes	No
2)	Have there been any transfers/sales/disposals/retirement of Collateral or IP prohibited by the Loan Agreement?	Yes	No
3)	Have there been any new or pending claims or causes of action against Borrower that involve more than One Hundred Thousand Dollars ($100,000.00)?	Yes	No
4)	Have there been any (A) amendments of or other changes to the Operating Documents or (B) material changes to the capitalization table of Borrower and to the Operating Documents of Borrower or any of its Subsidiaries (other than with respect to the grant, exercise, cancellation or modification of options to purchase Borrower's Common Stock outstanding or hereafter issued by Borrower from the option pool set forth on the capitalization table of Borrower delivered to Bank in connection with the Perfection Certificate or upon exercise of warrants to purchase capital stock of the Borrower reflected upon such capitalization table)? If yes, provide copies of any such amendments or changes with this Compliance Certificate.	Yes	No

Exceptions

Please explain any exceptions with respect to the certification above: (If no exceptions exist, state “No exceptions.” Attach separate sheet if additional space needed.)

ANAPTYSBIO, INC.

By _____
Name: _____
Title: _____

Date:

LENDER USE ONLY

Received by: _____ Date: _____

Verified by: _____ Date: _____

Compliance Status: Yes No

EXHIBIT D

Form of Secured Promissory Note

[see attached]

SECURED PROMISSORY NOTE
(Term [A][B][C] Loan)

$ Dated: [DATE]

FOR VALUE RECEIVED, the undersigned, ANAPTYSBIO, INC., a Delaware corporation with offices located at 10421 Pacific Center Court, Suite 200, San Diego, CA 92121 ("**Borrower**") HEREBY PROMISES TO PAY to the order of [OXFORD FINANCE LLC][SILICON VALLEY BANK] ("**Lender**") the principal amount of [ ] MILLION DOLLARS ($) or such lesser amount as shall equal the outstanding principal balance of the Term [A][B][C] Loan made to Borrower by Lender, plus interest on the aggregate unpaid principal amount of such Term [A][B][C] Loan, at the rates and in accordance with the terms of the Loan and Security Agreement dated December , 2014 by and among Borrower, Lender, Oxford Finance LLC, as Collateral Agent, and the other Lenders from time to time party thereto (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"). If not sooner paid, the entire principal amount and all accrued and unpaid interest hereunder shall be due and payable on the Maturity Date as set forth in the Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning attributed to such term in the Loan Agreement.

Principal, interest and all other amounts due with respect to the Term [A][B][C] Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement and this Secured Promissory Note (this "**Note**"). The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

The Loan Agreement, among other things, (a) provides for the making of a secured Term [A][B][C] Loan by Lender to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events.

This Note may not be prepaid except as set forth in Section 2.2(c) and Section 2.2(d) of the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Term [A][B][C] Loan, interest on the Term [A][B][C] Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due.

This Note shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of California.

The ownership of an interest in this Note shall be registered on a record of ownership maintained by Lender or its agent. Notwithstanding anything else in this Note to the contrary, the right to the principal of, and stated interest on, this Note may be transferred only if the transfer is registered on such record of ownership and the transferee is identified as the owner of an interest in the obligation. Borrower shall be entitled to treat the registered holder of this Note (as recorded on such record of ownership) as the owner in fact thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in this Note on the part of any other person or entity.

[*Balance of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

ANAPTYSBIO, INC.

By _____
Name: _____
Title: _____

LOAN INTEREST RATE AND PAYMENTS OF PRINCIPAL

Date	Principal Amount	Interest Rate	Scheduled Payment Amount	Notation By

EXHIBIT E

Form of Warrant

[see attached]

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND, EXCEPT AS SET FORTH IN SECTIONS 5.3 AND 5.4 BELOW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE COMPANY, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

WARRANT TO PURCHASE STOCK

Company:	ANAPTYSBIO, INC., a Delaware corporation
Number of Shares:	[3.75% of the funded Term Loan/Warrant Price] (Subject to Section 1.7)
Type/Series of Stock:	Series C Preferred (Subject to Section 1.7)
Warrant Price:	$0.65 per share (Subject to Section 1.7)
Issue Date:	[DATE]
Expiration Date:	[the date 10 years after the Issue Date] See also Section 5.1(b).
Credit Facility:	This Warrant to Purchase Stock ("**Warrant**") is issued in connection with that certain Loan and Security Agreement dated as of December , 2014 among Oxford Finance LLC, as Lender and Collateral Agent, the Lenders from time to time party thereto, including Silicon Valley Bank and the Company (as modified, amended and/or restated from time to time, the "**Loan Agreement**").

THIS WARRANT CERTIFIES THAT, for good and valuable consideration, [SILICON VALLEY BANK][OXFORD FINANCE LLC] (["**Oxford**" and,] together with any successor or permitted assignee or transferee of this Warrant or of any shares issued upon exercise hereof, "**Holder**") is entitled to purchase the number of fully paid and non-assessable shares (the "**Shares**") of the above-stated Type/Series of Stock (the "**Class**") of the above-named company (the "**Company**") at the above-stated Warrant Price, all as set forth above and as adjusted pursuant to Section 2 of this Warrant, subject to the provisions and upon the terms and conditions set forth in this Warrant. [*for SVB, add*: Reference is made to Section 5.4 of this Warrant whereby Silicon Valley Bank shall transfer this Warrant to its parent company, SVB Financial Group.]

SECTION 1. EXERCISE.

1.1 Method of Exercise. Holder may at any time and from time to time exercise this Warrant, in whole or in part, by delivering to the Company the original of this Warrant together with a duly executed Notice of Exercise in substantially the form attached hereto as Appendix 1 and, unless Holder is exercising this Warrant pursuant to a cashless exercise set forth in Section 1.2, a check, wire transfer of same-day funds (to an account designated by the Company), or other form of payment acceptable to the Company for the aggregate Warrant Price for the Shares being purchased.

1.2 Cashless Exercise. On any exercise of this Warrant, in lieu of payment of the aggregate Warrant Price in the manner as specified in Section 1.1 above, but otherwise in accordance with the requirements of Section 1.1, Holder may elect to receive Shares equal to the value of this Warrant, or portion hereof as to which this Warrant is being exercised. Thereupon, the Company shall issue to the Holder such number of fully paid and non-assessable Shares as are computed using the following formula:

$$X = Y(A-B)/A$$

where:

X = the number of Shares to be issued to the Holder;

Y = the number of Shares with respect to which this Warrant is being exercised (inclusive of the Shares surrendered to the Company in payment of the aggregate Warrant Price);

A = the Fair Market Value (as determined pursuant to Section 1.3 below) of one Share; and

B = the Warrant Price.

1.3 Fair Market Value. If the Company's common stock is then traded or quoted on a nationally recognized securities exchange, inter-dealer quotation system or over-the-counter market (a "**Trading Market**") and the Class is common stock, the fair market value of a Share shall be the closing price or last sale price of a share of common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company. If the Company's common stock is then traded in a Trading Market and the Class is a series of the Company's convertible preferred stock, the fair market value of a Share shall be the closing price or last sale price of a share of the Company's common stock reported for the Business Day immediately before the date on which Holder delivers this Warrant together with its Notice of Exercise to the Company multiplied by the number of shares of the Company's common stock into which a Share is then convertible. If the Company's common stock is not traded in a Trading Market, the Board of Directors of the Company shall determine the fair market value of a Share in its reasonable good faith judgment.

1.4 Delivery of Certificate and New Warrant. Within a reasonable time after Holder exercises this Warrant in the manner set forth in Section 1.1 or 1.2 above, the Company shall deliver to Holder a certificate representing the Shares issued to Holder upon such exercise and, if this Warrant has not been fully exercised and has not expired, a new warrant of like tenor representing the Shares not so acquired.

1.5 Replacement of Warrant. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form, substance and amount to the Company or, in the case of mutilation, on surrender of this Warrant to the Company for cancellation, the Company shall, within a reasonable time, execute and deliver to Holder, in lieu of this Warrant, a new warrant of like tenor and amount.

1.6 Treatment of Warrant Upon Acquisition of Company.

(a) Acquisition. For the purpose of this Warrant, "**Acquisition**" means (i) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity in substantially the same proportions (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; (ii) any transaction or series of related transactions to which the Company is a party in which in excess of 50% of the Company's voting power is transferred; provided that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof; or (iii) a sale of all or substantially all of the assets of the Company or the exclusive license of substantially all of the rights to substantially all of the intellectual property of the Company material to its business.

(b) Treatment of Warrant at Acquisition. In the event of an Acquisition in which the consideration to be received by the Company's stockholders consists solely of cash, solely of Marketable Securities or a combination of cash and Marketable Securities (a "**Cash/Public Acquisition**"), either (i) Holder shall exercise this Warrant pursuant to Section 1.1 and/or 1.2 and such exercise will be deemed effective immediately prior to and contingent upon the consummation of such Acquisition or (ii) if Holder elects not to exercise the Warrant, this Warrant will expire immediately prior to the consummation of such Acquisition.

(c) The Company shall provide Holder with written notice of its request relating to the Cash/Public Acquisition (together with such reasonable information as Holder may reasonably require regarding the treatment of this Warrant in connection with such contemplated Cash/Public Acquisition giving rise to such notice), which is to be delivered to Holder not less than seven (7) Business Days prior to the closing of the proposed Cash/Public Acquisition. In the event the Company does not provide such notice, then if, immediately prior to the Cash/Public Acquisition, the fair market value of one Share (or other security issuable upon the exercise hereof) as

determined in accordance with Section 1.3 above would be greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall promptly notify the Holder of the number of Shares (or such other securities) issued upon such exercise to the Holder and Holder shall be deemed to have restated each of the representations and warranties in Section 4 of the Warrant as the date thereof.

(d) Upon the closing of any Acquisition other than a Cash/Public Acquisition defined above, the acquiring, surviving or successor entity shall assume the obligations of this Warrant, and this Warrant shall thereafter be exercisable for the same securities and/or other property as would have been paid for the Shares issuable upon exercise of the unexercised portion of this Warrant as if such Shares were outstanding on and as of the closing of such Acquisition, subject to further adjustment from time to time in accordance with the provisions of this Warrant.

(e) As used in this Warrant, "**Marketable Securities**" means securities meeting all of the following requirements: (i) the issuer thereof is then subject to the reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and is then current in its filing of all required reports and other information under the Act and the Exchange Act; (ii) the class and series of shares or other security of the issuer that would be received by Holder in connection with the Acquisition were Holder to exercise this Warrant on or prior to the closing thereof is then traded in a Trading Market, and (iii) following the closing of such Acquisition, Holder would not be restricted from publicly re-selling all of the issuer's shares and/or other securities that would be received by Holder in such Acquisition were Holder to exercise or convert this Warrant in full on or prior to the closing of such Acquisition, except to the extent that any such restriction (x) arises solely under federal or state securities laws, rules or regulations, and (y) does not extend beyond six (6) months from the closing of such Acquisition.

1.7 Adjustment to Class of Shares; Number of Shares; Warrant Price; Adjustments Cumulative. If, upon the closing of the Next Equity Financing, the Next Equity Financing Price shall be less than the Warrant Price in effect as of immediately prior thereto, then the "Class" shall be Next Equity Financing Securities from and after such closing, subject to adjustment thereafter from time to time in accordance with the provisions of this Warrant and the "Warrant Price" shall be the Next Equity Financing Price from and after such closing, subject to adjustment thereafter from time to time in accordance with the provisions of this Warrant; provided, that upon such date, if any, as the "Class" becomes Next Equity Financing Securities pursuant to this sentence, this Warrant shall be exercisable for such number of shares of such Class as shall equal (i) the product of (a) the number of shares for which this Warrant was originally exercisable and (b) the warrant price for which this Warrant was originally exercisable, divided by (ii) the Next Equity Financing Price, subject to adjustment thereafter from time to time in accordance with the provisions of this Warrant. As used herein (i) "Next Equity Financing" means the first sale or issuance by the Company on or after the Issue Date of this Warrant set forth above, in a single transaction or series of related transactions, of shares of its convertible preferred stock or other senior equity securities to one or more investors for cash for financing purposes; (ii) "Next Equity Financing Securities" means the type, class and series of convertible preferred stock or other senior equity security sold or issued by the Company in the Next Equity Financing; and (iii) "Next Equity Financing Price" means the lowest price per share for which Next Equity Financing Securities are sold or issued by the Company in the Next Equity Financing.

SECTION 2. ADJUSTMENTS TO THE SHARES AND WARRANT PRICE.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend or distribution on the outstanding shares of the Class payable in common stock or other securities or property (other than cash), then upon exercise of this Warrant, for each Share acquired, Holder shall receive, without additional cost to Holder, the total number and kind of securities and property which Holder would have received had Holder owned the Shares of record as of the date the dividend or distribution occurred. If the Company subdivides the outstanding shares of the Class by reclassification or otherwise into a greater number of shares, the number of Shares purchasable hereunder shall be proportionately increased and the Warrant Price shall be proportionately decreased. If the outstanding shares of the Class are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Warrant Price shall be proportionately increased and the number of Shares shall be proportionately decreased.

2.2 Reclassification, Exchange, Combinations or Substitution. Upon any event whereby all of the outstanding shares of the Class are reclassified, exchanged, combined, substituted, or replaced for, into, with or by Company securities of a different class and/or series, then from and after the consummation of such event, this Warrant will be exercisable for the number, class and series of Company securities that Holder would have received had the Shares been outstanding on and as of the consummation of such event, and subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant. The provisions of this Section 2.2 shall similarly apply to successive reclassifications, exchanges, combinations substitutions, replacements or other similar events.

2.3 Conversion of Preferred Stock. If the Class is a class and series of the Company's convertible preferred stock, in the event that all outstanding shares of the Class are converted, automatically or by action of the holders thereof, into common stock pursuant to the provisions of the Company's Certificate of Incorporation, including, without limitation, in connection with the Company's initial, underwritten public offering and sale of its common stock pursuant to an effective registration statement under the Act (the "**IPO**"), then from and after the date on which all outstanding shares of the Class have been so converted, this Warrant shall be exercisable for such number of shares of common stock into which the Shares would have been converted had the Shares been outstanding on the date of such conversion, and the Warrant Price shall equal the Warrant Price in effect as of immediately prior to such conversion divided by the number of shares of common stock into which one Share would have been converted, all subject to further adjustment thereafter from time to time in accordance with the provisions of this Warrant.

2.4 Adjustments for Diluting Issuances. Without duplication of any adjustment otherwise provided for in this Section 2, the number of shares of common stock issuable upon conversion of the Shares shall be subject to anti-dilution adjustment from time to time in the manner set forth in the Company's Articles or Certificate of Incorporation as if the Shares were issued and outstanding on and as of the date of any such required adjustment.

2.5 No Fractional Share. No fractional Share shall be issuable upon exercise of this Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional Share interest arises upon any exercise of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder in cash the amount computed by multiplying the fractional interest by (i) the fair market value (as determined in accordance with Section 1.3 above) of a full Share, less (ii) the then-effective Warrant Price.

2.6 Notice/Certificate as to Adjustments. Upon each adjustment of the Warrant Price, Class and/or number of Shares, the Company, at the Company's expense, shall notify Holder in writing within a reasonable time setting forth the adjustments to the Warrant Price, Class and/or number of Shares and facts upon which such adjustment is based. The Company shall, upon written request from Holder, furnish Holder with a certificate of its Chief Financial Officer, including computations of such adjustment and the Warrant Price, Class and number of Shares in effect upon the date of such adjustment.

SECTION 3. REPRESENTATIONS AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Holder as follows:

(a) The initial Warrant Price referenced on the first page of this Warrant is not greater than the price per share at which shares of the Class were last sold and issued prior to the Issue Date hereof in an arms-length transaction in which at least Five Hundred Thousand Dollars ($500,000.00) of such shares were sold.

(b) All Shares which may be issued upon the exercise of this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and non-assessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws. The Company covenants that it shall at all times cause to be reserved and kept available out of its authorized and unissued capital stock such number of shares of the Class, common stock and other securities as will be sufficient to permit the exercise in full of this Warrant and the conversion of the Shares into common stock or such other securities.

(c) The Company's capitalization table attached hereto as Schedule 1 is true and complete, in all material respects, as of the Issue Date.

3.2 Notice of Certain Events. If the Company proposes at any time to:

(a) declare any dividend or distribution upon the outstanding shares of the Class or common stock, whether in cash, property, stock, or other securities and whether or not a regular cash dividend;

(b) offer for subscription or sale pro rata to the holders of the outstanding shares of the Class any additional shares of any class or series of the Company's stock (other than pursuant to contractual pre-emptive rights);

(c) effect any reclassification, exchange, combination, substitution, reorganization or recapitalization of the outstanding shares of the Class;

(d) effect an Acquisition or to liquidate, dissolve or wind up; or

(e) effect an IPO;

then, in connection with each such event, the Company shall give Holder:

(1) at least seven (7) Business Days prior written notice of the date on which a record will be taken for such dividend, distribution, or subscription rights (and specifying the date on which the holders of outstanding shares of the Class will be entitled thereto) or for determining rights to vote, if any, in respect of the matters referred to in (a) and (b) above;

(2) in the case of the matters referred to in (c) and (d) above at least seven (7) Business Days prior written notice of the date when the same will take place (and specifying the date on which the holders of outstanding shares of the Class will be entitled to exchange their shares for the securities or other property deliverable upon the occurrence of such event); and

(3) with respect to the IPO, at least seven (7) Business Days prior written notice of the date on which the Company proposes to file its registration statement in connection therewith.

Reference is made to Section 1.6(c) whereby this Warrant will be deemed to be exercised pursuant to Section 1.2 hereof if the Company does not give written notice to Holder of a Cash/Public Acquisition as required by the terms hereof. Company will also provide information requested by Holder that is reasonably necessary to enable Holder to comply with Holder's accounting or reporting requirements.

SECTION 4. REPRESENTATIONS, WARRANTIES OF THE HOLDER.

The Holder represents and warrants to the Company as follows:

4.1 Purchase for Own Account. This Warrant and the securities to be acquired upon exercise of this Warrant by Holder are being acquired for investment for Holder's account, not as a nominee or agent, and not with a view to the public resale or distribution within the meaning of the Act. Holder also represents that it has not been formed for the specific purpose of acquiring this Warrant or the Shares.

4.2 Disclosure of Information. Holder is aware of the Company's business affairs and financial condition and has received or has had full access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the acquisition of this Warrant and its underlying securities. Holder further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of this Warrant and its underlying securities and to obtain additional information (to the extent the Company possessed such information or could acquire it without

unreasonable effort or expense) necessary to verify any information furnished to Holder or to which Holder has access.

4.3 Investment Experience. Holder understands that the purchase of this Warrant and its underlying securities involves substantial risk. Holder has experience as an investor in securities of companies in the development stage and acknowledges that Holder can bear the economic risk of such Holder's investment in this Warrant and its underlying securities and has such knowledge and experience in financial or business matters that Holder is capable of evaluating the merits and risks of its investment in this Warrant and its underlying securities and/or has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables Holder to be aware of the character, business acumen and financial circumstances of such persons.

4.4 Accredited Investor Status. Holder is an "accredited investor" within the meaning of Regulation D promulgated under the Act.

4.5 The Act. Holder understands that this Warrant and the Shares issuable upon exercise hereof have not been registered under the Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of the Holder's investment intent as expressed herein. Holder understands that this Warrant and the Shares issued upon any exercise hereof must be held indefinitely unless subsequently registered under the Act and qualified under applicable state securities laws, or unless exemption from such registration and qualification are otherwise available. Holder is aware of the provisions of Rule 144 promulgated under the Act.

4.6 Market Stand-off Agreement. The Holder agrees that the Shares shall be subject to the Market Standoff provisions in Section 2.11 of that certain Third Amended and Restated Investor Rights Agreement by and among the Company and the investors party thereto, dated July 15, 2013 (as such agreement may be amended and restated) or similar agreement.

4.7 No Voting Rights. Holder, as a Holder of this Warrant, will not have any voting rights until the exercise of this Warrant and, except as expressly set forth in this Warrant, will not be considered a stockholder for any purpose until the exercise of this Warrant.

SECTION 5. MISCELLANEOUS.

5.1 Term; Automatic Cashless Exercise Upon Expiration.

(a) Term. Subject to the provisions of Section 1.6 above, this Warrant is exercisable in whole or in part at any time and from time to time on or before 6:00 PM, [*for SVB*: Pacific][*for Oxford*: Eastern] time, on the Expiration Date and shall be void thereafter.

(b) Automatic Cashless Exercise upon Expiration. In the event that, upon the Expiration Date, the fair market value of one Share (or other security issuable upon the exercise hereof) as determined in accordance with Section 1.3 above is greater than the Warrant Price in effect on such date, then this Warrant shall automatically be deemed on and as of such date to be exercised pursuant to Section 1.2 above as to all Shares (or such other securities) for which it shall not previously have been exercised, and the Company shall, within a reasonable time, deliver a certificate representing the Shares (or such other securities) issued upon such exercise to Holder.

5.2 Legends. Each certificate evidencing Shares (and each certificate evidencing the securities issued upon conversion of any Shares, if any) shall be imprinted with a legend in substantially the following form:

> THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**ACT**"), OR THE SECURITIES LAWS OF ANY STATE AND,

EXCEPT AS SET FORTH IN THAT CERTAIN WARRANT TO PURCHASE STOCK ISSUED BY THE ISSUER TO [SILICON VALLEY BANK][OXFORD FINANCE LLC] DATED [DATE], MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS AND UNTIL REGISTERED UNDER SAID ACT AND LAWS OR, IN THE OPINION OF LEGAL COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER, SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM SUCH REGISTRATION.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A 180 DAY MARKET STAND-OFF RESTRICTION AS SET FORTH IN A CERTAIN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER AS A RESULT OF SUCH AGREEMENT, THESE SHARES MAY NOT BE TRADED PRIOR TO 180 DAYS AFTER THE EFFECTIVE DATE OF THE INITIAL PUBLIC OFFERING OF THE COMMON STOCK OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SHARES.

5.3 Compliance with Securities Laws on Transfer. This Warrant and the Shares issued upon exercise of this Warrant (and the securities issuable, directly or indirectly, upon conversion of the Shares, if any) may not be transferred or assigned in whole or in part except in compliance with applicable federal and state securities laws by the transferor and the transferee (including, without limitation, the delivery of investment representation letters and legal opinions reasonably satisfactory to the Company, as reasonably requested by the Company). The Company shall not require Holder to provide an opinion of counsel if the transfer is to [*for SVB*: SVB Financial Group (Silicon Valley Bank's parent company) or any other][*for Oxford*: an] affiliate of Holder, provided that any such transferee is an "accredited investor" as defined in Regulation D promulgated under the Act. Additionally, the Company shall also not require an opinion of counsel if there is no material question as to the availability of Rule 144 promulgated under the Act.

5.4 [*for SVB*: Transfer Procedure. After receipt by Silicon Valley Bank of the executed Warrant, Silicon Valley Bank will transfer all of this Warrant to its parent company, SVB Financial Group. By its acceptance of this Warrant, SVB Financial Group hereby makes to the Company each of the representations and warranties set forth in Section 4 hereof and agrees to be bound by all of the terms and conditions of this Warrant as if the original Holder hereof. Subject to the provisions of Section 5.3 and upon providing the Company with written notice, SVB Financial Group and any subsequent Holder may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the securities issuable directly or indirectly, upon conversion of the Shares, if any) to any transferee, provided, however, in connection with any such transfer, SVB Financial Group or any subsequent Holder will give the Company notice of the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable); and provided further, that any subsequent transferee other than SVB Financial Group shall agree in writing with the Company to be bound by all of the terms and conditions of this Warrant (including the representations, warranties and covenants set forth in Section 4 hereof). Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, or any shares or other securities issued upon any conversion of any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.]

5.5 [*for Oxford*: Transfer Procedure. After receipt by Oxford of the executed Warrant, Oxford may transfer all or part of this Warrant to one or more of Oxford's affiliates (each, an "**Oxford Affiliate**"), by execution of an Assignment substantially in the form of Appendix 2. Subject to the provisions of Article 5.3 and upon providing the Company with written notice, Oxford, any such Oxford Affiliate and any subsequent Holder, may transfer all or part of this Warrant or the Shares issuable upon exercise of this Warrant (or the Shares issuable directly or indirectly, upon conversion of the Shares, if any) to any other transferee, provided, however, in connection with any such transfer, the Oxford Affiliate(s) or any subsequent Holder will give the Company notice of

the portion of the Warrant being transferred with the name, address and taxpayer identification number of the transferee and Holder will surrender this Warrant to the Company for reissuance to the transferee(s) (and Holder if applicable). Notwithstanding any contrary provision herein, at all times prior to the IPO, Holder may not, without the Company's prior written consent, transfer this Warrant or any portion hereof, or any Shares issued upon any exercise hereof, or any shares or other securities issued upon any conversion of any Shares issued upon any exercise hereof, to any person or entity who directly competes with the Company, except in connection with an Acquisition of the Company by such a direct competitor.]

5.6 Notices. All notices and other communications hereunder from the Company to the Holder, or vice versa, shall be deemed delivered and effective (i) when given personally, (ii) on the third (3rd) Business Day after being mailed by first-class registered or certified mail, postage prepaid, (iii) upon actual receipt if given by facsimile or electronic mail and such receipt is confirmed in writing by the recipient, or (iv) on the first Business Day following delivery to a reliable overnight courier service, courier fee prepaid, in any case at such address as may have been furnished to the Company or Holder, as the case may be, in writing by the Company or such Holder from time to time in accordance with the provisions of this Section 5.5. All notices to Holder shall be addressed as follows until the Company receives notice of a change of address in connection with a transfer or otherwise:

[SVB Financial Group
Attn: Treasury Department
3003 Tasman Drive, HA 200
Santa Clara, CA 95054
Telephone: 408-654-7400
Facsimile: 408-496-2405
Email: warradmi@svb.com]

[Oxford Finance LLC
133 N. Fairfax Street
Alexandria, VA 22314
Attn: Legal Department
Telephone: (703) 519-4900
Facsimile: (703) 519-5225
Email: LegalDepartment@oxfordfinance.com]

Notice to the Company shall be addressed as follows until Holder receives notice of a change in address:

AnaptysBio, Inc.
10421 Pacific Center Court
Suite 200
San Diego, CA 92121
Attn: Hamza Suria
Telephone: (858) 362-6383
Facsimile: (858) 366-9055
Email: hsuria@anaptysbio.com

With a copy (which shall not constitute notice) to:

Fenwick & West LLP
555 California Street
San Francisco, CA 94104
Attn: Matthew Rossiter
Telephone: (415) 875-2372
Email: mrossiter@fenwick.com

5.7 Waiver. This Warrant and any term hereof may be changed, waived, discharged or terminated (either generally or in a particular instance and either retroactively or prospectively) only by an

instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought.

5.8 Attorneys' Fees. In the event of any dispute between the parties concerning the terms and provisions of this Warrant, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.

5.9 Counterparts; Facsimile/Electronic Signatures. This Warrant may be executed in counterparts, all of which together shall constitute one and the same agreement. Any signature page delivered electronically or by facsimile shall be binding to the same extent as an original signature page with regards to any agreement subject to the terms hereof or any amendment thereto.

5.10 Governing Law. This Warrant shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its principles regarding conflicts of law.

5.11 Headings. The headings in this Warrant are for purposes of reference only and shall not limit or otherwise affect the meaning of any provision of this Warrant.

5.12 Business Days. "**Business Day**" is any day that is not a Saturday, Sunday or a day on which [Silicon Valley Bank is][banks in California are] closed.

[Remainder of page left blank intentionally]

[Signature page follows:]

IN WITNESS WHEREOF, the parties have caused this Warrant to Purchase Stock to be executed by their duly authorized representatives effective as of the Issue Date written above.

"COMPANY"

ANAPTYSBIO, INC.

By: _____

Name: _____
(Print)

Title: _____

"HOLDER"

[SILICON VALLEY BANK] [OXFORD FINANCE LLC]

By: _____

Name: _____
(Print)

Title: _____

[*Signature Page to Warrant to Purchase Stock*]

APPENDIX 1

NOTICE OF EXERCISE

1. The undersigned Holder hereby exercises its right purchase shares of the Common/Series Preferred [circle one] Stock of ANAPTYSBIO, INC. (the "**Company**") in accordance with the attached Warrant To Purchase Stock, and tenders payment of the aggregate Warrant Price for such shares as follows:

[ ] check in the amount of $ payable to order of the Company enclosed herewith

[ ] Wire transfer of immediately available funds to the Company's account

[ ] Cashless Exercise pursuant to Section 1.2 of the Warrant

[ ] Other [Describe]

2. Please issue a certificate or certificates representing the Shares in the name specified below:

_____
Holder's Name

_____

_____
(Address)

3. By its execution below and for the benefit of the Company, Holder hereby restates each of the representations and warranties in Section 4 of the Warrant to Purchase Stock as of the date hereof.

HOLDER:

_____

By: _____

Name: _____

Title: _____

Date: _____

[insert Appendix 2 for Oxford Warrants:

APPENDIX 2

ASSIGNMENT

For value received, Oxford Finance LLC hereby sells, assigns and transfers unto

Name: [OXFORD TRANSFEREE]

Address: _____

Tax ID: _____

that certain Warrant to Purchase Stock issued by ANAPTYSBIO, INC. (the "Company"), on [DATE] (the "**Warrant**") together with all rights, title and interest therein.

OXFORD FINANCE LLC

By: _____

Name: _____

Title: _____

Date: _____

By its execution below, and for the benefit of the Company, [OXFORD TRANSFEREE] makes each of the representations and warranties set forth in Article 4 of the Warrant and agrees to all other provisions of the Warrant as of the date hereof.

OXFORD FINANCE LLC

By: _____

Name: _____

Title: _____

SCHEDULE 1

Company Capitalization Table

See attached

Schedule 1

DEBTOR: **ANAPTYSBIO, INC.**
SECURED PARTY: **OXFORD FINANCE LLC,**
as Collateral Agent

EXHIBIT A TO UCC FINANCING STATEMENT

Description of Collateral

The Collateral consists of all of Debtor's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as noted below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts and other Collateral Accounts, all certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

All Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (i) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property; provided that if a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Collateral Agent's security interest in such Accounts and such other property of Debtor that are proceeds of the Intellectual Property; (ii) more than sixty five percent (65%) of the total combined voting power of all classes of stock entitled to vote the shares of capital stock of any Foreign Subsidiary, if Borrower demonstrates to Collateral Agent's reasonable satisfaction that a pledge of more than sixty five percent (65%) of the Shares of such Subsidiary creates a present and existing adverse tax consequence to Borrower under the U.S. Internal Revenue Code; (iii) more than sixty five percent (65%) of the total combined voting power of all classes of stock entitled to vote the shares of capital stock of the Australia Subsidiary; and (iv) any (x) inbound licenses of Intellectual Property in which Borrower is the licensee; or (y) real estate leasehold interests in which Borrower is the lessee; in each case of (x) and (y), to the extent the grant of a security interest with respect to such property would be prohibited by the agreement with the non-Borrower party or would otherwise constitute a default thereunder, provided that such property will automatically be deemed to be "Collateral" hereunder if such prohibition is unenforceable or ineffective and/or upon the termination, lapsing or expiration of any such prohibition.

Pursuant to the terms of a certain negative pledge arrangement with Collateral Agent and the Lenders, Debtor has agreed not to encumber any of its Intellectual Property.

Capitalized terms used but not defined herein have the meanings ascribed in the Uniform Commercial Code in effect in the State of California as in effect from time to time (the "Code") or, if not defined in the Code, then in the Loan and Security Agreement by and between Debtor, Secured Party and the other Lenders party thereto (as modified, amended and/or restated from time to time).

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

Name of Subsidiary	Jurisdiction of Incorporation or Organization
AnaptysBio Pty Ltd	Australia

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
AnaptysBio, Inc.:

We consent to the use of our report, dated June 5, 2015, except for earnings per share information and Note 12, which are dated July 13, 2015, included herein and to the reference to our firm under the heading “Experts” in the prospectus.

/s/ KPMG LLP

San Diego, California
September 8, 2015