UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from _____ to _____

Commission File Number: 001-37345

ADURO BIOTECH, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-3348934**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

626 Bancroft Way, 3C
Berkeley, California 94710
(Address of principal executive offices including zip code)

Registrant's telephone number, including area code: (510) 848-4400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No o

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.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☒

As of November 20, 2015, the registrant had 63,224,033 shares of common stock, $0.0001 par value per share, outstanding.

Aduro Biotech, Inc.

Quarterly Report on Form 10-Q

For the Quarter Ended September 30, 2015

INDEX

In this Quarterly Report on Form 10-Q, "we," "our," "us," "Aduro," and "the Company" refer to Aduro Biotech, Inc. Aduro, Aduro Biotech, the Aduro logo and other trade names, trademarks or service marks of Aduro are the property of Aduro Biotech, Inc. This report contains references to our trademarks and to trademarks belonging to other entities. Trade names, trademarks and service marks of other companies appearing in this report are the property of their respective holders. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

PART I. – FINANCIAL INFORMATION

Item 1. Financial Statements

ADURO BIOTECH, INC.
Condensed Consolidated Balance Sheets
(In thousands, except share and per share amounts)
(Unaudited)

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 180,991	$ 119,456
Short-term marketable securities	264,957	—
Accounts receivable	3,147	3,153
Prepaid expenses and other current assets	3,494	2,612
Total current assets	452,589	125,221
Long-term marketable securities	2,464	—
Property and equipment, net	2,454	1,053
Other assets	347	188
Total assets	$ 457,854	$ 126,462
Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 4,413	$ 5,030
Accrued clinical trial and manufacturing expenses	4,886	3,350
Accrued expenses and other liabilities	4,069	2,408
Deferred revenue	19,732	33,427
Total current liabilities	33,100	44,215
Deferred revenue	181,481	2,592
Deferred rent	56	—
Convertible preferred stock warrant liability	—	100
Common stock warrant liability	—	889
Total liabilities	214,637	47,796
Commitments and contingencies (Note 6)		
Convertible preferred stock; $0.0001 par value, 0 and 69,716,345 shares authorized at September 30, 2015 and December 31, 2014; 0 and 69,608,339 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	—	139,963
Stockholders' equity (deficit):		
Preferred stock, $0.0001 par value; 10,000,000 and 0 shares authorized at September 30, 2015 and December 31, 2014; 0 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	—	—
Common stock, $0.0001 par value; 300,000,000 and 85,000,000 shares authorized at September 30, 2015 and December 31, 2014; 62,290,683 and 361,997 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	6	—
Additional paid-in capital	347,088	346
Accumulated other comprehensive income	75	—
Accumulated deficit	(103,952)	(61,643)
Total stockholders' equity (deficit)	243,217	(61,297)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	$ 457,854	$ 126,462

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ADURO BIOTECH, INC.
Condensed Consolidated Statements of Operations
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue:				
Collaboration and license revenue	$ 18,720	$ 2,424	$ 37,581	$ 3,307
Grant revenue	426	62	1,022	189
Total revenue	19,146	2,486	38,603	3,496
Operating expenses:				
Research and development	11,813	5,858	35,992	15,990
General and administrative	6,908	1,980	19,000	5,498
Total operating expenses	18,721	7,838	54,992	21,488
Income (loss) from operations	425	(5,352)	(16,389)	(17,992)
Loss from remeasurement of fair value of warrants	—	(157)	(26,077)	(282)
Gain on extinguishment of convertible promissory notes	—	—	—	3,553
Interest income (expense), net	139	(30)	156	(2,375)
Other income, net	3	855	1	1,002
Net income (loss)	$ 567	$ (4,684)	$ (42,309)	$ (16,094)
Net income (loss) per common share, basic	$ 0.01	$ (14.24)	$ (1.09)	$ (52.47)
Net income (loss) per common share, diluted	$ 0.01	$ (14.24)	$ (1.09)	$ (52.47)
Weighted average common shares outstanding, basic	62,274,438	328,929	38,674,889	306,764
Weighted average common shares outstanding, diluted	71,726,118	328,929	38,674,889	306,764

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ADURO BIOTECH, INC.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income (loss)	$ 567	$ (4,684)	$ (42,309)	$ (16,094)
Other comprehensive income:				
Unrealized gain on marketable securities	75	—	75	—
Comprehensive income (loss)	$ 642	$ (4,684)	$ (42,234)	$ (16,094)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ADURO BIOTECH, INC.
Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
(In thousands, except share amounts)
(Unaudited)

	Convertible Preferred Stock		Common Stock		Additional Paid -In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balance at January 1, 2015	69,608,339	$ 139,963	361,997	$ —	$ 346	$ —	$ (61,643)	$ (61,297)
Issuance of Series E convertible preferred stock for cash, net of issuance costs (Note 7)	2,361,029	24,992	—	—	—	—	—	—
Issuance of convertible preferred stock upon exercise of preferred stock warrants	6,668	9	—	—	—	—	—	—
Conversion of convertible preferred stock to common stock	(71,976,036)	(164,964)	51,822,659	5	164,959	—	—	164,964
Issuance of common stock in initial public offering, net of offering costs	—	—	8,050,000	1	124,192	—	—	124,193
Issuance of common stock in private placement (Note 7)	—	—	1,470,588	—	25,000	—	—	25,000
Reclassification of convertible preferred stock and common stock warrant liability to additional paid-in capital	—	—	—	—	27,066	—	—	27,066
Issuance of common stock upon exercise of stock options and grant of restricted stock	—	—	300,450	—	300	—	—	300
Issuance of common stock upon exercise of warrants	—	—	284,989	—	116	—	—	116
Other comprehensive income	—	—	—	—	—	75		75
Stock-based compensation expense	—	—	—	—	5,109	—	—	5,109
Net loss	—	—	—	—	—	—	(42,309)	(42,309)
Balance at September 30, 2015	—	$ —	62,290,683	$ 6	$ 347,088	$ 75	$ (103,952)	$ 243,217

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ADURO BIOTECH, INC.
Condensed Consolidated Statement of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2015	**2014**
Cash Flows from Operating Activities		
Net loss	$ (42,309)	$ (16,094)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	381	162
Accretion of discounts and amortization of premiums on marketable securities	165	—
Stock-based compensation	5,232	368
Loss from remeasurement of fair value of warrants	26,077	282
Gain from changes in the fair value of preferred stock derivative liability	—	(976)
Gain on extinguishment of convertible promissory notes	—	(3,553)
Non-cash interest expense related to convertible promissory notes payable	—	2,382
Changes in operating assets and liabilities:		
Accounts receivable	6	233
Prepaid expenses and other assets	(2,455)	(468)
Accounts payable	2,209	598
Deferred revenue	165,195	9,693
Accrued clinical trial and manufacturing expenses	1,536	1,015
Accrued expenses and other liabilities	1,717	602
Net cash provided by (used in) operating activities	157,754	(5,756)
Cash Flows from Investing Activities		
Purchases of marketable securities	(267,513)	—
Purchase of property and equipment	(1,816)	(478)
Net cash used in investing activities	(269,329)	(478)
Cash Flows from Financing Activities		
Proceeds from issuance of common stock, net of offering costs	150,283	—
Proceeds from issuance of convertible preferred stock, net of issuance costs	22,522	36,896
Proceeds from issuance of convertible promissory note payable to related parties	—	308
Proceeds from exercise of stock options and warrants	305	49
Net cash provided by financing activities	173,110	37,253
Net increase in cash and cash equivalents	61,535	31,019
Cash and cash equivalents at beginning of period	119,456	8,532
Cash and cash equivalents at end of period	$ 180,991	$ 39,551
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Conversion of convertible preferred stock to common stock	$ 164,964	$ —
Reclassification of warrant liabilities to additional paid-in capital	$ 27,066	$ —
Purchase of property and equipment in accounts payable	$ 79	$ 138
Issuance of Series C convertible preferred stock to a related party and other investors in connection with conversion of convertible promissory notes and accrued interest	$ —	$ 13,452
Issuance of Series B convertible preferred stock to a related party in connection with conversion of convertible promissory notes	$ —	$ 2,088
Reclassification of liability classified warrants to additional paid-in capital	$ —	$ 784

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. Nature of Business

Aduro Biotech, Inc., or the Company, is a clinical-stage immunotherapy company located in Berkeley, California focused on the discovery, development and commercialization of therapies that transform the treatment of challenging diseases. The Company was founded in 2000 under the name Oncologic, Inc., later merged with Triton BioSystems, Inc. in 2008, and subsequently changed its name to Aduro Biotech, Inc. in 2009. The Company's technology platforms, which are designed to harness the body's natural immune system, are being investigated in cancer indications and have the potential to expand into autoimmune and infectious diseases. The Company operates in one business segment.

The Company's Live, Attenuated, Double-Deleted, or LADD, technology platform is based on proprietary attenuated strains of Listeria that have been engineered to express tumor-associated antigens to induce specific and targeted immune responses. The Company's cyclic dinucleotide, or CDN, platform is designed to activate the intracellular Stimulator of Interferon Genes, or STING, receptor, resulting in a potent tumor-specific immune response. The Company's pipeline of product candidates has the potential to be applicable to a variety of cancers and to be combinable with a range of conventional and emerging cancer therapies, including cellular vaccines, chemotherapy, radiotherapy and checkpoint inhibitors, among others. The Company is collaborating with leading global pharmaceutical companies to expand its products and technology platforms.

2. Basis of Presentation, Use of Estimates, and Recent Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, and following the requirements of the Securities and Exchange Commission, or the SEC, for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP have been condensed or omitted, and accordingly the balance sheet as of December 31, 2014 has been derived from audited consolidated financial statements at that date but does not include all of the information required by U.S. GAAP for complete financial statements. These financial statements have been prepared on the same basis as our annual financial statements and, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair presentation of our financial information. The results of operations for the period ended September 30, 2015 are not necessarily indicative of the results to be expected for the year ending December 31, 2015 or for any other interim period or for any other future year.

The accompanying condensed consolidated financial statements and related financial information should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the year ended December 31, 2014 included in our Registration Statement on Form S-1 filed with the SEC.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and reported amounts of revenue and expenses in the financial statements and accompanying notes. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, clinical trial accruals, convertible preferred stock and related warrants, common stock and related warrants, income taxes and stock-based compensation. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

Initial Public Offering

On April 20, 2015, the Company closed its initial public offering, or IPO, and sold 8,050,000 shares of its common stock (inclusive of 1,050,000 shares of common stock pursuant to the full exercise of the underwriters' option to purchase additional shares) at a price to the public of $17.00 per share. The Company received aggregate net proceeds of $124.2 million, net of underwriting discounts and offering expenses. The Company also sold to Novartis Institutes for BioMedical Research, Inc., or NIBR, in a concurrent private placement 1,470,588 shares of common stock at a price of $17.00 per share for proceeds of $25.0 million (See Note 7). Upon the closing of the IPO, all then-outstanding shares of convertible preferred stock converted by their terms into 51,822,659 shares of common stock. Additionally, the Company amended and restated its certificate of incorporation effective April 14, 2015 to, among other things, change the authorized number of shares of common stock to 300,000,000 shares and the authorized number of shares of preferred stock to 10,000,000 shares.

Reverse Stock Split

On April 1, 2015, the Company effected a 0.72-for-1 reverse split of its common stock. Upon the effectiveness of the reverse stock split, (i) every 1 share of outstanding common stock was combined into 0.72 of a share of common stock, (ii) the number of shares of common stock for which each outstanding option or warrant to purchase common stock is exercisable was proportionally decreased on a 0.72-for-1 basis, (iii) the exercise price of each outstanding option or warrant to purchase common stock was proportionately increased on a 0.72-for-1 basis, and (iv) the conversion ratio for each share of preferred stock which was convertible into the Company's common stock was proportionately reduced on a 0.72-for-1 basis. All of the outstanding common stock share numbers, warrants to purchase common stock, common stock share prices, common stock exercise prices and per share amounts have been adjusted, on a retroactive basis, to reflect this 0.72-for-1 reverse stock split for all periods presented. The par value per share, authorized number of shares of common stock, preferred stock and preferred stock warrants were not adjusted as a result of the reverse stock split.

Offering Costs

Offering costs represent underwriting, legal, accounting and other direct costs related to the Company's IPO. These costs were deferred until completion of the IPO, at which time they were reclassified to additional paid-in capital as a reduction of the proceeds.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board, or FASB, issued Auditing Standards Update, or ASU, No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU affects any entity that either enters into contracts with customers to transfer goods and services or enters into contracts for the transfer of nonfinancial assets. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under the currently effective guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. In July 2015, the FASB voted to defer the effective date of the ASU by one year to December 15, 2017 for fiscal years, and interim periods within those periods, beginning after that date. Entities are permitted to adopt in accordance with the original effective date of December 15, 2016 if they choose. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

3. Fair Value Measurements

The carrying amounts of certain of the Company's financial instruments, including cash equivalents, accounts receivable, and accounts payable are approximated at their fair values due to their short maturities. Assets and liabilities recorded at fair value on a recurring basis in the balance sheets, as well as assets and liabilities measured at fair value on a non-recurring basis or disclosed at fair value, are categorized based upon the level of judgment associated with inputs used to measure their fair values. The accounting guidance for fair value provides a framework for measuring fair value, and requires certain disclosures about how fair value is determined. Fair value is defined as the price that would be received upon the sale of an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance also establishes a three-level valuation hierarchy that prioritizes the inputs to valuation techniques used to measure fair value based upon whether such inputs are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions made by the reporting entity. The three-level hierarchy for the inputs to valuation techniques is briefly summarized as follows:

Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3—Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

The Company's cash equivalents, which include money market funds, are classified as Level I because they are valued using quoted market prices. The Company's marketable securities consist of available-for-sale securities and are generally classified as Level II because their value is based on valuations using significant inputs derived from or corroborated by observable market data.

In certain cases where there is limited activity or less transparency around the inputs to valuation, securities are classified as Level 3. Level 3 liabilities consist of common and preferred stock warrant liabilities. The determination of the fair value of the warrants is discussed in Note 8. Increases or decreases in the fair value of the underlying convertible preferred stock or common stock warrants are accounted for as (loss) gain from remeasurement of fair value of warrants in the accompanying condensed consolidated statements of operations.

The following table sets forth the Company's financial instruments that were measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	September 30, 2015			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Money market funds	$ 116,642	$ —	$ —	$ 116,642
U.S. government and agency securities	—	204,068	—	204,068
Corporate debt securities	—	83,267	—	83,267
Commercial paper	—	38,464	—	38,464
Total	$ 116,642	$ 325,799	$ —	$ 442,441

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Financial Assets:				
Money market funds	$ 110,001	$ —	$ —	$ 110,001
Financial Liabilities:				
Convertible preferred stock warrant liability	$ —	$ —	$ 100	$ 100
Common stock warrant liability	—	—	889	889
Total	$ —	$ —	$ 989	$ 989

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities (in thousands):

	Convertible Preferred Stock Warrant Liability	Common Stock Warrant Liability
Balance at December 31, 2014	$ 100	$ 889
Net increase in fair value upon remeasurement	1,108	24,969
Reclassification to additional paid-in capital	(1,208)	(25,858)
Balance at September 30, 2015	$ —	$ —

The following tables summarize the estimated value of our cash equivalents and marketable securities and the gross unrealized holding gains and losses (in thousands):

	September 30, 2015			
	Amortized cost	Unrealized gains	Unrealized losses	Estimated Fair Value
Cash and cash equivalents:				
Cash	$ 5,972	$ —	$ —	$ 5,972
Money market funds	116,642	—	—	116,642
Commercial paper	24,998	—	—	24,998
U.S. government and agency securities	23,658	—	—	23,658
Corporate debt securities	9,721	—	—	9,721
Total cash and cash equivalents	$ 180,991	$ —	$ —	$ 180,991
Marketable securities:				
U.S. government and agency securities	$ 180,344	$ 64	$ —	$ 180,408
Corporate debt securities	73,536	36	(25)	73,547
Commercial paper	13,466	—	—	13,466
Total marketable securities	$ 267,346	$ 100	$ (25)	$ 267,421

4. Balance Sheet Components

Property and Equipment, Net

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

	September 30, 2015	December 31, 2014
Lab equipment	$ 2,400	$ 1,165
Computer and office equipment	755	520
Furniture and fixtures	170	87
Leasehold improvements	533	304
Total property and equipment	3,858	2,076
Less: accumulated depreciation and amortization	(1,404)	(1,023)
Property and equipment, net	$ 2,454	$ 1,053

Depreciation and amortization expense was $162,000 and $67,000 for the three months ended September 30, 2015 and 2014, respectively and was $381,000 and $162,000, for the nine months ended September 30, 2015 and 2014, respectively.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following (in thousands):

	September 30, 2015	December 31, 2014
Compensation and related benefits	$ 2,158	$ 1,276
Professional and consulting services	1,747	961
Other	164	171
Total accrued expenses and other liabilities	$ 4,069	$ 2,408

5. Collaboration Agreements

Novartis Agreement

In March 2015, the Company entered into a collaboration and license agreement with Novartis Pharmaceuticals Corporation, or Novartis, pursuant to which the Company is collaborating worldwide with Novartis regarding the development and potential commercialization of product candidates containing an agonist of the molecular target known as STING in the field of oncology, including immuno-oncology and cancer vaccines. Under this agreement, or the Novartis Agreement, the Company granted Novartis a co-exclusive license to develop such products worldwide, an exclusive license to commercialize such products outside the United States and a non-exclusive license to support the Company in commercializing such products in the United States if it requests such support. The collaboration is guided by a joint steering committee with each party having final decision making authority regarding specified areas of development or commercialization.

Under the Novartis Agreement, the Company received an upfront payment of $200 million in April 2015. The Company is also eligible to receive up to an additional $250 million in development milestones and up to an additional $250 million in regulatory approval milestones.

The Company is responsible for 38% of the joint development costs worldwide and Novartis is responsible for the remaining 62% of the joint development costs worldwide.

The Company will also receive 50% of gross profits on sales of any products commercialized pursuant to this collaboration in the United States and 45% of gross profits for specified European countries and Japan. For each of these profit share countries, each party will be responsible for its respective commercial sharing percentage of all joint commercialization costs incurred in that country.

For all other countries where the Company is not sharing profits, Novartis will be responsible for all commercialization costs and will pay the Company a royalty in the mid-teens on all net sales of product sold by Novartis, its affiliates and sublicensees, with such percentage subject to reduction post patent and data exclusivity expiration and subject to reduction, capped at a specified percentage, for royalties payable to third party licensors. Novartis' royalty obligation will run on a country-by-country basis until the later of expiration of the last valid claim covering the product, expiration of data exclusivity for the product or 12 years after first commercial sale of the product in such country.

With respect to the United States, specified European countries and/or Japan, the Company may elect for such region to either reduce by 50% or to eliminate in full the Company's development and commercialization cost sharing obligation. If the Company elects to reduce its cost sharing percentage by 50% in any such region, then its profit share in such region will also be reduced by 50%. If the Company elects to eliminate its development cost sharing obligation, then such region will be removed from the profit share, and instead Novartis will owe the Company royalties on any net sales of product for such region, as described above.

The Company recognizes revenue from collaboration, license or research arrangements when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collection is reasonably assured. The Company has determined that the license does not have stand-alone value separable from the co-development services to be performed under the agreement, with the Company participating in the research and development services. As a result, the Company recognizes revenue from the $200 million upfront fee received on a straight-line basis over its estimated performance period of 13.5 years, commencing in July 2015, the date of the Joint Steering Committee's approval of the research and development plan. Changes in the estimated period of performance will be accounted for prospectively as a change in estimate. The Company will recognize substantive milestone payments in their entirety in the period in which the milestone is achieved. Non-substantive milestone payments will be recognized on a straight-line basis over the remaining performance period. Costs associated with co-development activities performed under the agreement are included in research and development expense in the accompanying consolidated statements of operations. Reimbursement of development costs by Novartis is included in collaboration and license revenue. The Company will recognize revenue from the sale of any products commercialized pursuant to this collaboration in the United States, will retain 50% of the gross profits from such sales, and will pay the remaining 50% of the gross profits to Novartis. The Company will receive from Novartis 45% of gross profits for specified European countries and Japan. Profit sharing payments made to or received from Novartis are aggregated by product by territory and are reported as expenses or revenues, as applicable.

For the three months and nine months ended September 30, 2015, the Company recognized revenue from its collaboration with Novartis totaling $3.7 million related to amortization of the upfront fees. The remaining balance of the upfront fees of $196.3 million is included in deferred revenue at September 30, 2015.

Janssen ADU-741 and GVAX Prostate Agreements

In May 2014, the Company entered into a Research and License Agreement, or Janssen ADU-741 Agreement, and a GVAX Prostate License Agreement, or Janssen GVAX Prostate Agreement, with Janssen Biotech, Inc., or Janssen, a wholly-owned subsidiary of Johnson & Johnson Development Corporation, to collaborate on the development of a drug for the treatment of prostate cancer. Under the terms of the Janssen ADU-741 Agreement, the Company granted Janssen an exclusive, worldwide license to research, develop, manufacture, use, sell and otherwise exploit products containing ADU-741 for any and all uses. The Company is responsible for certain research and development activities from the effective date of the agreement until approval of an investigational new drug application, or IND.

Since the inception of the Janssen ADU-741 Agreement, the Company received an upfront payment of $12.0 million and non-substantive and substantive milestone payments of $6.5 million upon completion of certain development activities. Under the terms of the Janssen ADU-741 Agreement, the Company may receive future nonrefundable milestone payments up to a total of $1.0 million after completion of various stages of the research and development activities, and the Company is eligible to receive future contingent payments up to a total of $345.5 million composed of development milestones through completion of all Phase 3 clinical trials, as well as launch, commercialization and sales milestones. The contingent payments are triggered upon the activities expected to be undertaken by Janssen. The Company is eligible to receive royalties on net sales of licensed products by Janssen, its affiliates and sublicensees at a rate ranging from mid-single digits to low teens based on aggregate annual net sales and based on the country of sale.

Under the Janssen GVAX Prostate Agreement, the Company granted Janssen an exclusive worldwide license to research, develop, manufacture, use, sell and otherwise exploit products containing GVAX Prostate for any and all uses. The Company received an upfront payment of $500,000 in May 2014 and is eligible to receive an additional $2.0 million on the achievement of a specified commercial milestone. In addition, the Company is eligible to receive royalties in the high single digits based on net sales of the product.

The development activities being conducted by the Company are based on a combination of the technology licensed under both agreements. Accordingly, the Company has accounted for the Janssen ADU-741 Agreement and Janssen GVAX Prostate Agreement as one arrangement and has identified the deliverables within the arrangement as a license to the technology and research and development activities through IND approval. The Company has determined that the licenses and development services under the license and research agreements represent a single unit of accounting. The licenses do not have stand-alone value to Janssen, separable from the development services to be performed under the agreement, as Janssen is unable to use the licenses for their intended purpose without the Company's performance of the research and development services. As a result, the Company recognizes revenue from the upfront payments ratably over the term of its estimated period of performance under the agreement. Changes in the estimated period of performance will be accounted for prospectively as a change in estimate. The upfront fees received totaling $12.5 million are being recognized on a straight-line basis from the effective date of the agreements through October 2015, the Company's estimated performance period. The Company will recognize non-substantive milestone payments on a straight-line basis through October 2015, the Company's estimated performance period.

For the three months and nine months ended September 30, 2015, the Company recognized revenue from its Janssen ADU-741 and GVAX Prostate Agreements totaling $2.7 million and $9.2 million, respectively, related to amortization of the upfront fees and development-related milestones. The remaining balance of the payments received of $0.5 million is included in deferred revenue at September 30, 2015, which will be fully amortized as of October 2015.

Janssen ADU-214 Agreement

In November 2014, the Company entered into a Research and License Agreement with Janssen, or Janssen ADU-214 Agreement, to develop a drug for the treatment of lung cancer. Under the terms of the Janssen ADU-214 Agreement, the Company granted Janssen an exclusive, worldwide license to research, develop, manufacture, use, sell and otherwise exploit products containing ADU-214 for any and all uses. Janssen has agreed not to administer or cause to be administered ADU-214 in humans in clinical trials for the treatment of pancreatic cancer or mesothelioma. The Company is responsible for certain research and development activities from the effective date of the agreement until IND approval. Since the inception of the Janssen ADU-214 Agreement, the Company received an upfront license fee of $30.0 million and a substantive milestone payment of $0.5 million upon submission of an IND. Under the terms of the Janssen ADU-214 Agreement, the Company may receive future nonrefundable milestone payments up to a total of $10.5 million after completion of various stages of the research and development activities, and the Company is eligible to receive future contingent payments up to a total of $776.0 million composed of development milestones through completion of all Phase 3 clinical trials, as well as regulatory and commercial milestones. The contingent payments are triggered upon the activities expected to be undertaken by Janssen. The Company is eligible to receive royalties on any net sales of licensed products by Janssen, its affiliates and sublicensees at a rate ranging from high-single digits to low teens based on the aggregate annual net sales of licensed products worldwide and based on the country of sale.

The upfront license fee of $30.0 million is being recognized on a straight-line basis from the effective date of the agreement through October 2015, the Company's estimated performance period which was accelerated based on progress in the development program during the third quarter of 2015.

For the three months and nine months ended September 30, 2015, the Company recognized revenue from Janssen ADU-214 Agreement totaling $11.1 million and $22.9 million, respectively, related to amortization of the upfront fees and development-related milestones. The remaining balance of the payments received of $4.4 million is included in deferred revenue at September 30, 2015 which will be fully amortized as of October 2015. In the fourth quarter of 2015, the Company completed certain research and development activities associated with a $10.0 million nonrefundable milestone and expects to receive payment prior to the end of 2015.

6. Commitments and Contingencies

Leases

The Company leases its office and research and development facility in Berkeley, California, under a non-cancelable operating lease. In February 2015, the Company amended its office lease agreement to increase the total square footage to approximately 25,000 square feet and extended the term of the lease to expire on December 31, 2018. The lease also contains an option to extend the lease for an additional two years. Rent expense was $0.2 million and $0.1 million during the three months ended September 30, 2015 and 2014, respectively and was $0.4 million and $0.2 million for the nine months ended September 30, 2015 and 2014, respectively.

In September 2015, the Company entered into an Office/Laboratory Lease, or the Lease, for approximately 56,452 square feet of office and laboratory space at a new facility located in Berkeley, California, or the Facility. The term of the Lease commences when the landlord delivers possession of the Facility to the Company. Upon commencement, the Lease has an initial term of twelve years.

The Company has the option to extend the Lease beyond the Initial Term for up to two renewal terms of five years each, provided that the rental rate would be subject to market adjustment at the beginning of each renewal term. The Company also has a one-time option that may be exercised any time prior to July 1, 2016 to lease additional space within the Facility of approximately 25,600 square feet commencing January 1, 2017 and approximately 28,801 square feet commencing January 1, 2018.

Indemnifications

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

Legal

During the normal course of business, the Company may be a party to legal claims that may not be covered by insurance. Management does not believe that any such claims would have a material impact on the Company's financial statements.

Other Commitments

The Company has various manufacturing, clinical, research and other contracts with vendors in the conduct of the normal course of its business. All contracts are terminable, with varying provisions regarding termination. If a contract with a specific vendor were to be terminated, the Company would only be obligated for the products or services that the Company had received at the time the termination became effective as well as non-cancelable and non-refundable payment obligations incurred by the vendor for products or services before the termination became effective. In the case of terminating a clinical trial agreement at a particular site, the Company would also be obligated to provide continued support for appropriate medical procedures at that site until completion or termination.

7. Convertible Preferred Stock

Novartis Stock Purchase

Concurrent with the March 2015 entry into the Novartis Agreement (See Note 5), the Company and NIBR, entered into a stock purchase agreement to purchase 2,361,029 shares of the Company's Series E Convertible Preferred Stock (or 1,699,940 shares of common stock on an as-converted basis) for $25.0 million. Upon the closing of the IPO, these preferred shares converted into common stock. Under the stock purchase agreement, NIBR purchased an additional $25.0 million of the Company's common stock concurrent with the completion of the IPO at the initial price per share offered to the public.

8. Warrant Liabilities

In April 2011, the Company issued warrants to purchase 24,235 shares of Series A-1 convertible preferred stock, or Series A-1 warrants, and 83,771 warrants to purchase shares of Series B convertible preferred stock, or Series B warrants. The Series A-1 warrants and Series B warrants were immediately exercisable and expire, if not exercised, in April 2021 and April 2016, respectively. As the shares into which the warrants were exercisable were contingently redeemable, the Company recognized a liability for the fair value of the warrants on the condensed consolidated balance sheet.

At the date of the IPO, the Series A-1 warrants and Series B warrants became exercisable for common stock and were no longer contingently redeemable. At the IPO, the ending fair value of these warrants of $1.2 million was reclassified to additional paid-in capital, and the change in fair value of $1.1 million was recognized as loss from remeasurement of fair value of warrants in the condensed consolidated statements of operations.

In April, June, and October 2011, the Company issued warrants to purchase 615,658 shares of common stock. The common stock warrants were exercisable beginning in April 2015 and would have terminated in whole or part, if the Company had obtained certain levels of government grant funds by April 15, 2015. The warrants expire, if not exercised, in April 2021. As the warrants were subject to performance conditions which may result in the issuance of a variable number of shares, the Company recognized a liability for the fair value of the common stock warrants on the condensed consolidated balance sheet.

At April 15, 2015, the Company did not obtain the specified levels of government grant funds and the performance conditions expired and the number of common shares issuable was fixed. On April 15, 2015, the ending fair value of the common stock warrants of $25.9 million was reclassified to additional paid-in capital, and the change in fair value of $25.0 million was recognized as loss from remeasurement of fair value of warrants in the condensed consolidated statements of operations.

The key assumptions used in the Black-Scholes option-pricing model for the valuation of the convertible preferred stock warrants were as follows:

	Nine Months Ended September 30,	
	2015	2014
Expected term (in years)	1.00 - 6.04	1.79 - 7.04
Fair value of underlying shares	$10.80 - $12.24	$0.67 - $1.56
Volatility	79.2% -111.1%	63.1% - 80.8%
Risk-free interest rate	0.23% - 1.54%	0.38% - 2.30%
Dividend yield	—%	—%

The key assumptions used in the Black-Scholes option-pricing model for the valuation of the common stock warrants were as follows:

	Nine Months Ended September 30,	
	2015	2014
Expected term (in years)	6.00 - 6.58	6.79 - 7.58
Fair value of underlying shares	$15.00 - $42.00	$1.03 - $1.07
Volatility	82.0% - 82.6%	76.3% - 80.4%
Risk-free interest rate	1.51% - 1.63%	2.13% - 2.41%
Dividend yield	—%	—%

9. Stock-Based Compensation Plans

2015 Stock Option Plan

In March 2015, the Company's board of directors adopted and in April 2015 the Company's stockholders approved the 2015 Equity Incentive Plan, or the 2015 Plan, which became effective upon the IPO and provides for the granting of incentive stock options, nonstatutory stock options, and other forms of stock awards to its employees, directors and consultants.

The 2015 Plan is administered by the Board of Directors or a committee appointed by the Board of Directors, which determines the types of awards to be granted, including the number of shares subject to the awards, the exercise price and the vesting schedule. The exercise price of incentive stock options and nonqualified stock options will be no less than 100% of the fair value per share of the Company's common stock on the date of grant. If an individual owns capital stock representing more than 10% of the voting shares, the price of each share will be at least 110% of the fair value on the date of grant. Options expire after 10 years (five years for stockholders owning greater than 10% of the voting stock). The number of shares of common stock reserved for issuance under the 2015 Plan is 6,134,292 shares with an automatic annual increase to the shares issuable under the 2015 Plan to the lower of (i) 4% of the total number of shares of common stock outstanding on December 31 of the preceding calendar year, or (ii) a lower number determined by the Board of Directors.

2009 Stock Incentive Plan

The Company's 2009 Stock Incentive Plan, or the 2009 Plan, terminated on the date the 2015 Plan was adopted. Options granted or shares issued under the 2009 Plan that were outstanding on the date the 2015 Plan became effective will remain subject to the terms of its plan. Prior to the 2009 Plan termination, the number of options available for grant was increased by 360,000 shares. At September 30, 2015, 8,760,285 options under the 2009 Plan remained outstanding.

Stock option activity under the Company's 2015 Plan and 2009 Plan was as follows:

		Options Outstanding		
	Shares Available for Grant	Number of Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
				(In thousands)
Balance – December 31, 2014	3,154,755	5,970,382	$ 0.80	
Authorized	6,494,292	—		
Granted	(4,308,197)	4,308,197	$ 7.23	
Exercised	—	(293,250)	$ 0.61	
Canceled	96,474	(96,474)	$ 1.74	
Balance – September 30, 2015	5,437,324	9,888,855	$ 3.60	$ 161,161
Options exercisable – September 30, 2015		4,536,982	$ 1.23	$ 82,455
Options vested and expected to vest – September 30, 2015		9,400,157	$ 3.53	$ 153,714

2015 Employee Stock Purchase Plan

In March 2015, the Company's board of directors adopted and in April 2015 the Company's stockholders approved the 2015 Employee Stock Purchase Plan, or 2015 ESPP, which became effective upon the IPO. The 2015 ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Code, and is administered by the Company's board of directors and the Compensation Committee of the board of directors.

Stock-based Compensation Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Research and development	$ 499	$ 54	$ 1,250	$ 135
General and administrative	1,388	110	3,982	233
Total stock-based compensation expense	$ 1,887	$ 164	$ 5,232	$ 368

In determining the fair value of the stock-based awards, the Company uses the Black-Scholes option-pricing model. The fair value of stock-based awards granted to employees during the nine months ended September 30, 2015 was estimated at the date of grant using the following assumptions:

	2015 Plan	2015 ESPP
Expected term (in years)	5.3 - 6.1	0.5
Volatility	70.2% - 82.8%	71.7%
Risk-free interest rate	1.38% - 1.93%	0.1%
Dividend yield	—%	—%

10. Income Taxes

The Company did not record a provision or benefit for income taxes during the three and nine months ended September 30, 2015 and 2014. The Company continues to maintain a full valuation allowance for its net U.S. federal and state deferred tax assets.

The Company accounts for uncertain tax positions in accordance with ASC 740, *Accounting for Income Taxes*. As of September 30, 2015 and 2014, the total amount of unrecognized tax benefits was $1.6 million and $0.5 million, respectively. As of September 30, 2015 and 2014, no amount of the unrecognized tax benefits, if recognized, would reduce the Company's annual effective tax rate because the benefits are in the form of deferred tax assets for which a full valuation allowance has been recorded.

The Company's policy is to recognize interest and penalties related to unrecognized tax benefits in income tax expense. As of September 30, 2015 and 2014, the Company accrued no interest and penalties in the statement of financial position. Total interest and penalties included in the statements of operations for the three and nine months ended September 30, 2015 and 2014 are each zero. The Company does not expect the amount of existing unrecognized tax benefits to change significantly within the next 12 months.

The Company is subject to taxation for U.S. federal and the state of California purposes only. The Company's federal and California tax returns are open by statute for tax years 2011 and 2010 forward, respectively, and could be subject to examination by the tax authorities.

11. Net Income (Loss) per Common Share

Basic net income (loss) per share is calculated using the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share gives effect to dilutive stock options and warrants. The Company uses the treasury-stock method to compute diluted earnings per share with respect to its stock options and warrants. The following table sets forth a reconciliation of basic and diluted net income (loss) per share (in thousands except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income (loss)	$ 567	$ (4,684)	$ (42,309)	$ (16,094)
Shares used in computing basic net income (loss) per common share	62,274,438	328,929	38,674,889	306,764
Add effect of dilutive securities:				
Stock options	8,514,752	—	—	—
Common stock warrants	936,928	—	—	—
Shares used in computing diluted net income (loss) per common share	71,726,118	328,929	38,674,889	306,764
Net income (loss) per common share, basic	$ 0.01	$ (14.24)	$ (1.09)	$ (52.47)
Net income (loss) per common share, diluted	$ 0.01	$ (14.24)	$ (1.09)	$ (52.47)

The potential dilutive securities excluded from diluted net income (loss) per common share were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Convertible preferred stock	—	46,734	—	46,734
Options to purchase common stock	285	5,982	9,889	5,982
Convertible preferred stock warrants	—	108	—	108
Common stock warrants	3	1,154	947	1,154
Convertible notes	—	1,122	—	1,122
Total	288	55,100	10,836	55,100

12. Subsequent Event

On October 30, 2015, the Company completed its acquisition, or the Acquisition, of all of the issued and outstanding shares of BioNovion Holding B.V., a private limited liability company organized under the laws of the Netherlands, or BioNovion, pursuant to the Share Sale Agreement, or the Purchase Agreement, dated September 24, 2015, by and among the Company, Aduro Netherlands Coöperatief U.A., a cooperative organized under the laws of the Netherlands and a wholly-owned indirect subsidiary of the Company, or Aduro Netherlands, BioNovion, and the shareholders of BioNovion, or the Sellers. Pursuant to the terms of the Purchase Agreement, Aduro Netherlands acquired all of the issued and outstanding shares of BioNovion from the Sellers for an aggregate purchase price of (i) EUR 14,500,000 in cash and (ii) 697,306 shares of common stock of the Company, or the Common Stock, subject to a post-closing adjustment based on working capital, net cash and borrowings of BioNovion and its subsidiary as of the closing date under the Purchase Agreement.

The Sellers have the opportunity to receive additional contingent payments from Aduro as follows: (i) EUR 6,000,000 upon acceptance by the U.S. Food and Drug Administration of an investigational new drug application for a specified BioNovion antibody product candidate; and (ii) EUR 20,000,000 upon receipt by BioNovion of a $40,000,000 milestone payment by the licensee under a pre-existing antibody discovery and license agreement, triggered by marketing authorization for the first indication in the United States for a specified BioNovion antibody product candidate.

The required disclosures have not been provided as the initial accounting for the business combination is in progress as of the date of this Form 10-Q filing.

Item 2. 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 unaudited condensed consolidated financial statements and related notes included in Part I, Item 1 of this report and with our audited financial statements and related notes thereto for the year ended December 31, 2014, included in our prospectus dated April 14, 2015, filed with the Securities and Exchange Commission pursuant to Rule 424(b)(4) under the Securities Act of 1933, as amended, or the Prospectus. This discussion and other parts of this report contain forward-looking statements that involve risks and uncertainties, such as statements of our plans, objectives, expectations and intentions. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section of this report titled "Risk factors."

Forward-Looking Statements

This discussion contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are identified by words such as "believe," "will," "may," "estimate," "continue," "anticipate," "intend," "should," "plan," "expect," "predict," "could," "potentially" or the negative of these terms or similar expressions. You should read these statements carefully because they discuss future expectations, contain projections of future results of operations or financial condition, or state other "forward-looking" information. These statements relate to our future plans, objectives, expectations, intentions and financial performance and the assumptions that underlie these statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this report in Part II, Item 1A — "Risk Factors," and elsewhere in this report. Forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. These statements, like all statements in this report, speak only as of their date, and we undertake no obligation to update or revise these statements in light of future developments. We caution investors that our business and financial performance are subject to substantial risks and uncertainties.

Overview

We are a clinical-stage immunotherapy company focused on the discovery, development and commercialization of therapies that transform the treatment of challenging diseases. Our technology platforms, which are designed to harness the body's natural immune system, are being investigated in cancer indications and have the potential to expand into autoimmune and infectious diseases. Immuno-oncology encompasses a class of therapies that leverage the patient's immune system to slow the growth and spread of, or eliminate, tumor cells. We believe a critical distinguishing factor in our approach to immuno-oncology is that our novel therapies initiate powerful innate immune responses and drive targeted, durable adaptive immune responses. The immunotherapy field is rapidly advancing with new immuno-oncology combinations that focus on strengthening therapeutic efficacy in a wide range of cancers. We intend to pursue a broad strategy of combining our technology platforms with conventional and novel immuno-oncology therapies, based on their mechanisms of action, safety profiles and versatility.

Our pipeline of immuno-oncology product candidates is derived from two proprietary technology platforms: Live, Attenuated, Double-Deleted, or LADD, *Listeria monocytogenes* and cyclic dinucleotides, or CDNs. Our lead LADD product candidate, CRS-207, is currently being developed in metastatic pancreatic cancer and unresectable malignant pleural mesothelioma. Our lead immuno-oncology regimen of CRS-207 and GVAX Pancreas was granted Breakthrough Therapy designation by the U.S. Food and Drug Administration, or FDA, and we have obtained orphan drug designations from the FDA for CRS-207 and GVAX Pancreas for the treatment of pancreatic cancer and for CRS-207 for the treatment of mesothelioma. We are developing a pipeline of proprietary product candidates, including two product candidates in collaboration with Janssen Biotech, Inc., or Janssen, targeting prostate and lung cancers. In addition, we established a worldwide collaboration with Novartis Pharmaceuticals Corporation, or Novartis, for CDN product candidates in oncology.

Financial Operations Overview

Revenue

We have not generated any revenue from product sales. Our revenue to date has been primarily derived from two separate research and license agreements we entered into with Janssen, which became effective in May 2014 and in November 2014, our worldwide collaboration agreement with Novartis established in March 2015, and research and development grants from the U.S. government. We recognize revenue from upfront payments under our collaboration agreements ratably over the term of our estimated period of performance under the agreement. In addition to receiving upfront payments, we may also be entitled to milestone and other contingent payments upon achieving predefined objectives. Revenue from milestones, if they are nonrefundable and deemed

substantive, are recognized upon successful accomplishment of the milestones. To the extent that non-substantive milestones are achieved and we have remaining performance obligations, milestones are deferred and recognized as revenue over the estimated remaining period of performance. We recognize revenue related to research and development grants when the related research expenses are incurred and our specific performance obligations under the terms of the respective contracts are satisfied.

We expect that any revenue we generate from our collaboration with Novartis, research and license agreements with Janssen, government research and development grants, and any future collaboration partners will fluctuate from year to year as a result of the timing and amount of milestones and other payments.

Research and Development Expenses

The largest component of our total operating expenses has historically been our investment in research and development activities, including the clinical development and manufacturing of our product candidates. Research and development expenses represent costs incurred to conduct research, such as the discovery and development of our product candidates, as well as the development of product candidates pursuant to our collaboration with Novartis and research and license agreement with Janssen. We recognize all research and development costs as they are incurred. Clinical trial costs, contract manufacturing and other development costs incurred by third parties are expensed as the contracted work is performed.

We expect our research and development expenses to increase in absolute dollars in the future as we advance our product candidates into and through clinical trials and pursue regulatory approval of our product candidates. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming. The actual probability of success for our product candidates and technology platforms may be affected by a variety of factors including: the quality of our product candidates, early clinical data, investment in our clinical program, competition, manufacturing capability and commercial viability. We may never succeed in achieving regulatory approval for any of our product candidates. As a result of the uncertainties discussed above, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of our product candidates.

General and Administrative Expenses

General and administrative expenses include personnel costs, expenses for outside professional services and other allocated expenses. Personnel costs consist of salaries, bonuses and benefits. Outside professional services consist of legal, accounting and audit services and other consulting fees. Allocated expenses consist of rent expense related to our office and research and development facility. We expect to incur additional expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the Securities and Exchange Commission, and those of any national securities exchange on which our securities are traded, additional insurance expenses, investor relations activities and other administrative and professional services.

Loss from Remeasurement of Fair Value of Warrants

Loss from remeasurement of fair value of warrants consists of losses from the remeasurement of the fair value of our liabilities related to our convertible preferred stock warrants and common stock warrants.

Interest Income (Expense), Net

Interest income (expense), net consists of interest income from our marketable securities. Interest expense consists of amortization of debt discount associated with convertible promissory note warrants, issuance of the equity component of a convertible promissory note and beneficial conversion features associated with certain convertible promissory notes, as well as stated interest costs associated with our borrowings.

Other Income, Net

Other income, net consists of gains and losses from the change in the fair value of the convertible promissory note warrants.

Results of Operations

Comparison of the Three Months Ended September 30, 2015 and 2014

	Three Months Ended September 30,		Change
	2015	2014	$
	(in thousands)		
Revenue:			
Collaboration and license revenue	$ 18,720	$ 2,424	$ 16,296
Grant revenue	426	62	364
Total revenue	19,146	2,486	16,660
Operating expenses:			
Research and development	11,813	5,858	5,955
General and administrative	6,908	1,980	4,928
Total operating expenses	18,721	7,838	10,883
Income (loss) from operations	425	(5,352)	5,777
Loss from remeasurement of fair value of warrants	—	(157)	157
Interest income (expense)	139	(30)	169
Other income, net	3	855	(852)
Net income (loss)	$ 567	$ (4,684)	$ 5,251

Revenue

Collaboration and license revenue was $18.7 million for the three months ended September 30, 2015, an increase of $16.3 million compared to the three months ended September 30, 2014. The increase is primarily due to $13.8 million in revenue recognized from the upfront fees and development-related milestones achieved under the Janssen agreements and $3.7 million in revenue recognized from the upfront fee received from Novartis. During the third quarter of 2015, our estimated period of performance of research and development services under the Janssen agreement was accelerated to October 2015, and as a result, $4.2 million of revenue was recognized during the three months ended September 30, 2015 that would have been recognized in future periods. The Novartis upfront fee is being recognized on a straight-line basis over our estimated performance period of 13.5 years, commencing in July 2015.

Grant revenue was $0.4 million for the three months ended September 30, 2015, an increase of $0.4 million compared to the three months ended September 30, 2014, primarily due to an increase in grant-related research and development.

Research and Development Expenses

The following table summarizes our research and development expenses incurred during the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Change
	2015	2014	$
	(in thousands)		
Contract manufacturing	$ 4,518	$ 1,627	$ 2,891
Clinical development	3,465	2,282	1,183
Compensation and related personnel costs	2,234	1,272	962
Other research and development costs	896	513	383
Facility costs	129	81	48
Licensing fees	72	29	43
Stock-based compensation	499	54	445
Total research and development	$ 11,813	$ 5,858	$ 5,955

Research and development expenses were $11.8 million for the three months ended September 30, 2015, an increase of $6.0 million, compared to the three months ended September 30, 2014. The increase was primarily attributed to a $2.9 million increase in contract manufacturing costs of our clinical product candidates; a $1.2 million increase in clinical development expenses mainly associated with ongoing trials for our lead indication in pancreatic cancer; a $1.0 million of incremental compensation and related personnel expenses associated with additional research and development headcount; a $0.4 million increase in other research and development costs primarily for our CDN program; and a $0.4 million increase in stock-based compensation.

General and Administrative Expenses

The following table summarizes our general and administrative expenses incurred during the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Change
	2015	2014	$
	(in thousands)		
Outside professional services	$ 2,877	$ 943	$ 1,934
Compensation and related personnel costs	1,824	634	1,190
Other general and administrative	444	126	318
Facility costs	375	167	208
Stock-based compensation	1,388	110	1,278
Total general and administrative	$ 6,908	$ 1,980	$ 4,928

General and administrative expenses were $6.9 million for the three months ended September 30, 2015, an increase of $4.9 million, compared to the three months ended September 30, 2014. The increase was primarily due to a $1.9 million increase in consulting and other professional services fees; a $1.3 million increase in stock-based compensation; a $1.2 million increase in compensation and related personnel expenses primarily related to additional general and administrative headcount; and a $0.3 million increase in other general and administrative costs.

Loss from Remeasurement of Fair Value of Warrants

Loss from remeasurement of fair value of warrants was zero for the three months ended September 30, 2015, a decrease of $0.2 million, compared to the three months ended September 30, 2014. As of April 2015, all of the convertible preferred stock warrants and common stock warrants were no longer subject to remeasurement due to the IPO or expiration of the performance condition. Therefore, no such gain or loss from remeasurement of the warrants was recognized during the three months ended September 30, 2015.

Interest Income (Expense), Net

Interest income from our marketable securities was $0.2 million for the three months ended September 30, 2015. During the three months ended September 30, 2014, we did not have any marketable securities. Interest expense for the three months ended September 30, 2014 was primarily composed of interest costs associated with our borrowings. We did not have any borrowings during the three months ended September 30, 2015.

Comparison of the Nine Months Ended September 30, 2015 and 2014

	Nine Months Ended September 30,		Change
	2015	2014	$
	(in thousands)		
Revenue:			
Collaboration and license revenue	$ 37,581	$ 3,307	$ 34,274
Grant revenue	1,022	189	833
Total revenue	38,603	3,496	35,107
Operating expenses:			
Research and development	35,992	15,990	20,002
General and administrative	19,000	5,498	13,502
Total operating expenses	54,992	21,488	33,504
Loss from operations	(16,389)	(17,992)	1,603
Loss from remeasurement of fair value of warrants	(26,077)	(282)	(25,795)
Gain on extinguishment of convertible promissory notes	—	3,553	(3,553)
Interest income (expense), net	156	(2,375)	2,531
Other income, net	1	1,002	(1,001)
Net loss	$ (42,309)	$ (16,094)	$ (26,215)

Revenue

Collaboration and license revenue was $37.6 million for the nine months ended September 30, 2015, an increase of $34.3 million compared to the nine months ended September 30, 2014. The increase is primarily due to $32.0 million in revenue recognized from the upfront fees and development-related milestones achieved under the Janssen agreements and $3.7 million in revenue recognized from the upfront fee received from Novartis. During the third quarter of 2015, our estimated period of performance of research and development services under the Janssen agreement was accelerated to October 2015, and as a result, $4.2 million of revenue was recognized during the nine months ended September 30, 2015 that would have been recognized in future periods. The Novartis upfront fee is being recognized on a straight-line basis over our estimated performance period of 13.5 years, commencing in July 2015.

Grant revenue was $1.0 million for the nine months ended September 30, 2015, an increase of $0.8 million compared to the nine months ended September 30, 2014, primarily due to an increase in grant-related research and development.

Research and Development Expenses

The following table summarizes our research and development expenses incurred during the nine months ended September 30, 2015 and 2014:

	Nine Months Ended September 30,		Change
	2015	2014	$
	(in thousands)		
Clinical development	$ 9,453	$ 5,222	$ 4,231
Contract manufacturing	8,948	4,326	4,622
Compensation and related personnel costs	7,998	3,530	4,468
Other research and development costs	4,332	1,861	2,471
Licensing fees	3,667	716	2,951
Facility costs	344	200	144
Stock-based compensation	1,250	135	1,115
Total research and development	$ 35,992	$ 15,990	$ 20,002

Research and development expenses were $36.0 million for the nine months ended September 30, 2015, an increase of $20.0 million compared to the nine months ended September 30, 2014. The increase was primarily attributed to a $4.6 million increase in contract manufacturing costs of our clinical product candidates; $4.5 million of incremental compensation and related personnel expenses associated with additional research and development headcount; a $4.2 million increase in clinical development expenses mainly associated with ongoing trials for our lead indication in pancreatic cancer; a $3.0 million increase in licensing fees; a $2.5 million increase in other research and development costs primarily for our CDN program; and a $1.1 million increase in stock-based compensation.

General and Administrative Expenses

The following table summarizes our general and administrative expenses incurred during the nine months ended September 30, 2015 and 2014:

	Nine Months Ended September 30,		Change
	2015	2014	$
	(in thousands)		
Outside professional services	$ 6,895	$ 2,542	$ 4,353
Compensation and related personnel costs	5,877	1,953	3,924
Other general and administrative	1,325	332	993
Facility costs	921	438	483
Stock-based compensation	3,982	233	3,749
Total general and administrative	$ 19,000	$ 5,498	$ 13,502

General and administrative expenses were $19.0 million for the nine months ended September 30, 2015, an increase of $13.5 million, compared to the nine months ended September 30, 2014. The increase was primarily due to $4.4 million of incremental legal, consulting and other professional services fees related to our collaboration agreement, general corporate matters and accounting support; a $3.9 million increase in compensation and related personnel expenses primarily related to additional general and administrative headcount; a $3.7 million increase in stock-based compensation; a $1.0 million increase in other general and administrative costs; and a $0.5 million increase in facility costs.

Loss from Remeasurement of Fair Value of Warrants

Loss from remeasurement of fair value of warrants was $26.1 million for the nine months ended September 30, 2015, an increase of $25.8 million, compared to the nine months ended September 30, 2014. The increase in expense was primarily due to the higher stock prices used in the remeasurement of the fair value of liability classified preferred and common stock warrants. As of April 2015, all of the convertible preferred stock warrants and common stock warrants were no longer subject to remeasurement due to the IPO or expiration of the performance condition.

Gain on Extinguishment of Convertible Promissory Notes

During 2013 and 2014, we issued convertible promissory notes to related parties, which were subsequently converted in May 2014 to Series C convertible preferred stock. The conversion of convertible promissory notes was determined to be an extinguishment of debt and a portion of the reacquisition price was allocated to the reacquisition of the embedded beneficial conversion feature. We recorded a gain on extinguishment of $3.6 million during the nine months ended September 30, 2014, as the amount allocated to reacquire the notes was less than the carrying value of the notes.

Interest Income (Expense), Net

Interest income from our marketable securities was $0.2 million for the nine months ended September 30, 2015. During the nine months ended September 30, 2014, we did not have any marketable securities. Interest expense for the nine months ended September 30, 2014 was due to the amortization of debt discount associated with convertible promissory note warrants, debt discount associated with the equity component of a convertible promissory note and beneficial conversion features attributable to certain promissory notes, as well as stated interest costs associated with our borrowings. We did not have any borrowings during the nine months ended September 30, 2015.

Liquidity and Capital Resources

To date, our operations have been financed primarily by net proceeds from the initial public offering, sale of convertible preferred stock, proceeds from our collaboration and license agreements and revenue from government grants. At September 30, 2015, we had cash, cash equivalents and marketable securities of $448.4 million. We believe that our available cash and cash equivalent and marketable securities will be sufficient to meet our capital requirements for at least the next twelve months. We have based our cash sufficiency estimate on assumptions that may prove to be incorrect. If our assumptions prove to be incorrect, we could consume our available capital resources sooner than we currently expect or in excess of amounts that we currently expect, which could adversely affect our development activities.

In March 2015, we established a worldwide collaboration with Novartis for the development and commercialization of products containing an agonist of the molecular target known as STING in the field of oncology, including immuno-oncology and cancer vaccines. Under the Novartis Agreement, we received an upfront payment of $200 million in April 2015. We are also eligible to receive up to an additional $250 million in development milestones and up to an additional $250 million in regulatory approval milestones. Concurrent with the entry into the Novartis Agreement, we and Novartis Institutes of BioMedical Research, Inc., or NIBR, entered into a stock purchase agreement to purchase 2,361,029 shares of our Series E Preferred Stock (which converted into 1,699,940 shares of common stock at the completion of the IPO), for $25.0 million.

On April 20, 2015, we closed our initial public offering, or IPO, and sold 8,050,000 shares of our common stock (inclusive of 1,050,000 shares of common stock pursuant to the full exercise of the underwriters' option to purchase additional shares) at a price to the public of $17.00 per share. We received aggregate net proceeds of $124.2 million, net of underwriting discounts and offering expenses. We also sold to NIBR in a concurrent private placement 1,470,588 shares of common stock at a price of $17.00 per share for proceeds of $25.0 million (See Note 7). Upon the closing of the IPO, all then-outstanding shares of convertible preferred stock converted by their terms into 51,822,659 shares of common stock. Additionally, we amended and restated our certificate of incorporation effective April 14, 2015 to, among other things, change the authorized number of shares of common stock to 300,000,000 shares and the authorized number of shares of preferred stock to 10,000,000 shares.

Our primary uses of capital are, and we expect will continue to be, compensation and related expenses, third-party clinical, manufacturing, and other research and development services, laboratory and related supplies, and legal and other professional services. Cash used to fund operating expenses is impacted by the timing of when we pay expenses, as reflected in the change in our outstanding accounts payable and accrued expenses. We expect to incur substantial expenditures in the foreseeable future for the development and potential commercialization of our product candidates, specifically in connection with our Phase 2b ECLIPSE clinical trial in metastatic pancreatic cancer, manufacturing of our product candidates, and advancement of CRS-207 in combination with standard-of-care chemotherapy into Phase 3 clinical development for mesothelioma.

We plan to continue to fund our operations and capital funding needs through equity and/or debt financing. We may also consider entering into additional collaboration arrangements or selectively partnering for clinical development and commercialization. In addition, we expect to continue to opportunistically seek access to the equity capital markets to support our development efforts and operations. The sale of additional equity would result in additional dilution to our stockholders. The incurrence of debt financing would result in debt service obligations and the instruments governing such debt could provide for operating and financing covenants that would restrict our operations. To the extent that we raise additional funds through collaboration or partnering arrangements, we may be required to relinquish some of our rights to our technologies or rights to market and sell our products in certain geographies, grant licenses on terms that are not favorable to us, or issue equity that may be substantially dilutive to our stockholders. If we are not able to secure adequate additional funding, we may be forced to make reductions in spending, extend payment terms with suppliers, liquidate assets where possible and/or suspend or curtail planned programs. Any of these actions could harm our business, results of operations, financial condition and future prospects.

Cash Flows

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

	Nine Months Ended September 30,	
	2015	2014
	(in thousands)	
Net cash provided by (used in):		
Operating activities	$ 157,754	$ (5,756)
Investing activities	(269,329)	(478)
Financing activities	173,110	37,253
Net change in cash and cash equivalents	$ 61,535	$ 31,019

Operating Activities

Net cash provided by operating activities was $157.8 million for the nine months ended September 30, 2015, compared to cash used of $5.8 million for the nine months ended September 30, 2014. The increase was primarily due to a $200 million upfront payment received from Novartis, partially offset by the increase in net loss of $26.2 million primarily due to increased research and development and general and administrative expenses.

Investing Activities

Net cash used in investing activities was $269.3 million for the nine months ended September 30, 2015, compared to $0.5 million for the nine months ended September 30, 2014. The increase in net cash used in investing activities was primarily the result of purchases of marketable securities and laboratory and office equipment, furniture and leasehold improvements.

Financing Activities

Net cash provided by financing activities was $173.1 million for the nine months ended September 30, 2015, compared to $37.3 million for the nine months ended September 30, 2014. The increase was primarily related to $124.2 million in net proceeds from the IPO, $25.0 million in gross proceeds from the private placement and $25.0 million in net proceeds from sale of Series E convertible preferred stock. Net cash provided by financing activities for the nine months ended September 30, 2014 included net proceeds from the sale of Series C convertible preferred stock amounting to $36.9 million.

Contractual Obligations and Other Commitments

During the nine months ended September 30, 2015, there were no material changes to our contractual obligations and commitments described under the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Prospectus.

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 under SEC rules.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Management believes there have been no material changes to our quantitative and qualitative disclosures about market risks during the nine months ended September 30, 2015, compared to those discussed in our prospectus dated April 14, 2015 filed with the SEC on April 15, 2015 pursuant to Rule 424(b) under the Securities Act.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures.

Our management, with the participation of our President and Chief Executive Officer and our Chief Operating Officer, our principal financial officer, have evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) prior to the filing of this quarterly report. Based on that evaluation, our President and Chief Executive Officer and our Chief Operating Officer have concluded that, as of the end of the period covered by this quarterly report, our disclosure controls and procedures were, in design and operation, effective.

Changes in internal control over financial reporting.

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent limitation on the effectiveness of internal control.

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

PART II. – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in legal proceedings relating to claims arising from the ordinary course of business. Our management believes that there are currently no claims or actions pending against us, the ultimate disposition of which could have a material adverse effect on our results of operations, financial condition or cash flows.

Item 1A. Risk Factors

You should carefully consider the following risk factors, in addition to the other information contained in this quarterly report on Form 10-Q, including the section of this report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes. If any of the events described in the following risk factors and the risks described elsewhere in this report occurs, our business, operating results and financial condition could be seriously harmed. This quarterly report on Form 10-Q also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors that are described below and elsewhere in this report. The risks relating to our business set forth in our prospectus dated April 14, 2015 that forms a part of the Company's Registration Statement on Form S-1, filed with the SEC, are set forth below and are unchanged substantively as of September 30, 2015, except for those risks designated by an asterisk (*).

Risks Related to Our Business

We have incurred net losses in every year since our inception and anticipate that we will continue to incur substantial and increasing net losses in the foreseeable future.*

We are a clinical-stage biopharmaceutical company with a limited operating history. Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that any potential product candidate will fail to demonstrate adequate effect or an acceptable safety profile, gain regulatory approval and become commercially viable. We have financed our operations primarily through the sale of equity securities and convertible debt securities. Since our inception, most of our resources have been dedicated to the preclinical and clinical development of our product candidates. The size of our future net losses will depend, in part, on our future expenses and our ability to generate revenue, if any. We have no products approved for commercial sale and have not generated any revenue from product sales to date, and we continue to incur significant research and development and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred losses in each period since our inception. For the years ended December 31, 2013 and 2014, and for nine months ended September 30, 2015, we reported a net loss of $16.1 million, $17.0 million, and $42.3 million, respectively. At September 30, 2015, we had an accumulated deficit of $104.0 million. We expect to continue to incur significant losses for the foreseeable future, and we expect these losses to increase as we continue our research and development of, and seek regulatory approvals for, our product candidates.

Even if we succeed in commercializing one or more of our product candidates, we will continue to incur substantial research and development and other expenditures to develop and market additional product candidates. We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue. Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' equity and working capital.

We will require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed could force us to delay, limit, reduce or terminate our product development or commercialization efforts.*

Our operations have consumed substantial amounts of cash since inception. At September 30, 2015, our cash and cash equivalents and marketable securities were $448.4 million. We expect to continue to spend substantial amounts to continue the clinical development of our product candidates. If we are able to gain regulatory approval for any of our product candidates, we will require significant additional amounts of cash in order to launch and commercialize any such product candidates. In addition, other unanticipated costs may arise. Because the design and outcome of our planned and anticipated clinical trials is highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of our product candidates.

Our future capital requirements depend on many factors, including:

- the scope, progress, results and costs of researching and developing our product candidates, and conducting preclinical studies and clinical trials;
- the timing of, and costs associated with, obtaining regulatory approvals for our product candidates if clinical trials are successful;
- the cost of commercialization activities for our product candidates, if any of our product candidates is approved for sale, including marketing, sales and distribution costs;
- the cost of manufacturing our product candidates for clinical trials in preparation for regulatory approval and in preparation for commercialization and product launch;
- our ability to establish and maintain strategic licensing or other arrangements and the financial terms of such agreements;
- the costs involved in preparing, filing, prosecuting, maintaining, expanding, defending and enforcing patent claims, including litigation costs and the outcome of such litigation;
- the timing, receipt and amount of sales of, or royalties on, our future products, if any; and
- the emergence of competing cancer therapies and other adverse market developments.

We do not have any committed external source of funds or other support for our development efforts other than our license agreements, including our license agreements with Janssen, which may be terminated by Janssen upon delivery of notice, and our collaboration and license agreement with Novartis, which may be terminated by Novartis at any time after March 19, 2018 upon 180 days' notice. Until we can generate sufficient product and royalty revenue to finance our cash requirements, which we may never do, we expect to finance our future cash needs through a combination of public or private equity offerings, debt financings, collaborations, strategic alliances, licensing arrangements and other marketing or distribution arrangements. We expect to continue to opportunistically seek access to the equity capital markets to support our development efforts and operations. Additional financing may not be available to us when we need it or it may not be available on favorable terms.

If we raise additional capital through marketing and distribution arrangements or other collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish certain valuable rights to our product candidates, technologies, future revenue streams or research programs or grant licenses on terms that may not be favorable to us. If we raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we are unable to obtain adequate financing when needed, we may have to delay, reduce the scope of or suspend one or more of our clinical trials or research and development programs or our commercialization efforts.

Risks Related to the Development and Commercialization of Our Current and Future Product Candidates

Our technology platforms and product candidates are based on novel technologies, and the development and regulatory approval pathway for such product candidates is unproven and may never lead to marketable products.

We are developing our pipeline of immuno-oncology product candidates via two technology platforms: Live, Attenuated, Double-Deleted, or LADD, *Listeria monocytogenes* and cyclic dinucleotides, or CDNs. Immuno-oncology encompasses a class of therapies that leverage the patient's immune system to slow the growth and spread of, or eliminate, tumor cells. Any products we develop may not effectively modulate the immune response to slow the spread of or eliminate cancer cells. The scientific evidence to support the feasibility of developing product candidates based on impacting the anti-tumor immune response is preliminary and limited. Advancing these novel immuno-oncology therapies creates significant challenges for us, including, among others:

- obtaining approval from regulatory authorities to conduct clinical trials with our product candidates;
- successful completion of preclinical studies and successful enrollment of clinical trials with favorable results;
- obtaining approvals from regulatory authorities to manufacture and market our product candidates;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product candidates;
- making arrangements with third-party manufacturers for, or establishing, commercial manufacturing capabilities;
- manufacturing our product candidates at an acceptable cost;

- launching commercial sales of our product candidates, if and when approved, whether alone or in collaboration with Janssen, Novartis or other partners;
- acceptance of our product candidates, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other cancer therapies;
- obtaining and maintaining coverage and adequate reimbursement by third-party payors, including government payors, for our product candidates;
- protecting rights in our intellectual property portfolio;
- maintaining a continued acceptable safety profile of our product candidates, if approved, following approval; and
- maintaining and growing an organization of scientists and business people who can develop and commercialize our products and technology.

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 develop and commercialize our product candidates, which could materially harm our business, financial condition and results of operations.

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

A key element of our strategy is to use and expand our technology platforms to build a pipeline of product candidates, combine our product candidates with existing and novel therapies, and progress these product candidates and combinations through clinical development for the treatment of various diseases. Although our research and development efforts to date have resulted in a pipeline of product candidates directed at various cancers, we may not be able to develop product candidates that are safe and effective. Even if we are successful in continuing to build our pipeline, the potential product candidates that we identify may not be suitable for clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. If we do not continue to successfully develop and begin to commercialize product candidates, we will face difficulty in obtaining product revenues in future periods.

Our business is highly dependent on the success of our lead product candidates, CRS-207, and GVAX Pancreas. CRS-207, GVAX Pancreas and our other product candidates from our LADD and CDN technology platforms will require significant additional clinical testing before we can seek regulatory approval and potentially launch commercial sales.*

We do not have any products that have gained regulatory approval. Our business and future success depend on our ability to obtain regulatory approval of and then successfully commercialize our lead product candidate, CRS-207, and GVAX Pancreas. CRS-207, GVAX Pancreas and our other product candidates are in the early stages of development. We are currently conducting our Phase 2b ECLIPSE clinical trial of CRS-207 in combination with GVAX Pancreas to treat patients with late-stage metastatic pancreatic cancer who have received at least one prior line of therapy. Our ability to develop, obtain regulatory approval for, and successfully commercialize CRS-207 and GVAX Pancreas effectively will depend on several factors, including the following:

- successful completion of our Phase 2b ECLIPSE clinical trial or other clinical trials, which will depend substantially upon the satisfactory performance of third-party contractors;
- successful achievement of the objectives of our Phase 2b ECLIPSE clinical trial, including the demonstration of a survival benefit and a favorable risk-benefit outcome;
- receipt of marketing approvals for CRS-207 and GVAX Pancreas from the U.S. Food and Drug Administration, or FDA, and similar regulatory authorities outside the United States;
- establishing commercial manufacturing and supply arrangements;
- establishing a commercial infrastructure;
- acceptance of the product by patients, the medical community and third-party payors;
- establishing market share while competing with other therapies;
- successfully executing our pricing and reimbursement strategy;
- a continued acceptable safety and adverse event profile of the product following regulatory approval; and
- qualifying for, identifying, registering, maintaining, enforcing and defending intellectual property rights and claims covering the product.

All of our product candidates, including CRS-207 and GVAX Pancreas, will require additional clinical and non-clinical development, regulatory review and approval in multiple jurisdictions, substantial investment, access to sufficient commercial manufacturing capacity and significant marketing efforts before we can generate any revenue from product sales. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive such regulatory approval for any of our product candidates. If we are unable to develop or receive marketing approval for CRS-207 or GVAX Pancreas in a timely manner or at all, we could experience significant delays or an inability to commercialize CRS-207 and GVAX Pancreas, which would materially and adversely affect our business, financial condition and results of operations.

Clinical development involves a lengthy and expensive process with uncertain outcomes, and results of earlier studies and trials may not be predictive of future clinical trial results. Our clinical trials may fail to demonstrate adequately the safety and efficacy of one or more of our product candidates, which would prevent or delay regulatory approval and commercialization.*

Before obtaining regulatory approvals for the commercial sale of our product candidates, including CRS-207, we must demonstrate through lengthy, complex and expensive preclinical testing and clinical trials that our product candidates are both safe and effective for use in each target indication. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. For example, the positive results generated to date in preclinical studies and in our Phase 2a metastatic pancreatic cancer study of CRS-207 and GVAX Pancreas do not ensure that future studies will demonstrate similar results. There is typically an extremely high rate of attrition from the failure of product candidates proceeding through clinical trials. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy profile despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. We cannot be certain that we will not face similar setbacks. Most product candidates that commence clinical trials are never approved as commercial products.

We may experience delays in our ongoing clinical trials and we do not know whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all. Clinical trials can be delayed for a variety of reasons, including delays related to:

- obtaining regulatory approval to commence a trial;
- reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtaining institutional review board, or IRB, approval at each site;
- recruiting suitable patients to participate in a trial;
- having patients complete a trial or return for post-treatment follow-up;
- clinical sites deviating from trial protocol or dropping out of a trial;
- adding new clinical trial sites; or
- manufacturing sufficient quantities of product candidate for use in clinical trials.

We could encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted, by the Data Safety Monitoring Board, or DSMB, for such trial or by the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations, administrative actions or lack of adequate funding to continue the clinical trial or safety concerns raised by other clinical trials of therapies with similar mechanisms of action. For example, the FDA recently placed another company's attenuated *Listeria*-based immunotherapy product candidate on clinical hold after blood cultures from one patient under treatment were positive for that company's attenuated strain of *Listeria monocytogenes*.

Furthermore, we rely on CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials and while we have agreements governing their committed activities, we have limited influence over their actual performance. If we experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process

and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive cash compensation in connection with such services. We also give grants to investigators' institutions from time to time. If certain of these relationships exceed specific financial thresholds, they must be reported to the FDA If these relationships and any related compensation paid results in perceived or actual conflicts of interest, or the FDA concludes that the financial relationship may have affected interpretation of the study, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which could result in the delay in approval, or rejection, of our marketing applications by the FDA. Many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

In addition, even if the trials are successfully completed, we cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as we do, and we may need to conduct additional trials before we submit applications seeking regulatory approval of our product candidates.

To the extent that the results of the trials are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, approval of our product candidates may be significantly delayed, or we may be required to expend significant additional resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates.

Our product candidates may cause undesirable side effects or have other properties that could halt their clinical development, prevent their regulatory approval, limit their commercial potential, if approved, or result in significant negative consequences.*

Undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authorities. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics.

To date, patients treated with CRS-207 have experienced drug-related side effects including Grade 3 adverse events, or AEs, which are considered moderate, and Grade 4 AEs which are considered severe. In our Phase 2a clinical trial of CRS-207 and GVAX Pancreas, the most frequent drug-related Grade 3 or 4 AE was lymphopenia (an abnormally low level of white blood cells), with three patients experiencing Grade 3 lymphopenia and two patients experiencing Grade 4 lymphopenia. Lymphopenia is expected based on prior nonclinical studies and CRS-207's mechanism of action, and the AEs of lymphopenia were self-correcting or did not reveal an unexpected pattern of toxicity. We currently do not plan to alter our development plan for CRS-207 based on these observed AEs of lymphopenia. There were no other Grade 4 AEs, and there were no other Grade 3 AEs with frequencies higher than five percent in either arm. The most common Grade 3 AEs were transient lymphopenia, fevers, elevated liver enzymes and fatigue.

In addition, a Grade 3 serious adverse event has been reported for a patient being treated with CRS-207 and GVAX Pancreas, with low-dose cyclophosphamide. The event was diagnosed by the treating investigator as being a case of listeriosis. With respect to this event, our understanding is that, in violation of the protocol, the patient's central line port had been accessed during infusion of CRS-207 being given through a separate line. Several weeks after the CRS-207 infusion, the patient developed symptoms suggestive of an infection; therefore, per institutional practice, urine, stool and blood samples (from both the patient's central line port site and from a peripheral vein) were collected. The blood culture from the port site was positive for Listeria monocytogenes, and was determined subsequently to be CRS-207 while all other cultures, including from the peripheral vein, were negative. The patient was administered intravenous antibiotics and follow-up cultures taken from both port and peripheral vein of blood as well as samples of sputum, stool and urine were negative for Listeria. At the request of the patient and the investigator, this patient continues to receive study treatment.

If unacceptable side effects arise in the development of our product candidates, we could suspend or terminate our clinical trials or the FDA or comparable foreign regulatory authorities could order us to cease clinical trials or deny approval of our product candidates for any or all targeted indications. Treatment-related side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff. We expect to have to train medical personnel using our product candidates to understand the side effect profiles for our clinical trials and upon any commercialization of any of our product candidates. Inadequate training in recognizing or managing the potential side effects of our product candidates could result in patient injury or death. In addition, if side effects are observed in competing product candidates that are perceived to have similarities to ours, such as competing *listeria* based vaccines or other more general approaches to immuno-oncology, regulators or patients may infer that our product candidates could cause similar side effects. Any of these occurrences may harm our business, financial condition and prospects significantly.

Additionally, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label;
- FDA could require a Risk and Evaluation Medication Strategy or REMS which could require the creation and management of a medication guide, communication plan or other elements to ensure safe use;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations and prospects.

If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the study until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons. The enrollment of patients depends on many factors, including:

- the patient eligibility criteria defined in the protocol;
- the size of the patient population required for analysis of the trial's primary endpoints;
- the proximity of patients to study sites;
- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating;
- our ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will drop out of the trials before completion.

In addition, our clinical trials will compete with other clinical trials for product candidates that are in the same therapeutic areas as our product candidates, and this competition will reduce the number and types of patients available to us, because some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Since the number of qualified clinical investigators is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials in such clinical trial site. Moreover, because our product candidates represent a departure from more commonly used methods for cancer treatment, potential patients and their doctors may be inclined to use conventional therapies, such as chemotherapy and hematopoietic cell transplantation, rather than enroll patients in any future clinical trial.

Delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials, which could prevent completion of these trials and adversely affect our ability to advance the development of our product candidates.

Clinical trials are expensive, time-consuming and difficult to design and implement.*

Human clinical trials are expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. Because our product candidates are based on new technologies, we expect that they will require extensive research and development and have substantial manufacturing and processing costs. In addition, costs to treat patients with relapsed/refractory cancer and to treat potential side effects that may result from our product candidates may be significant. Accordingly, our clinical trial costs are likely to be significantly higher than for more conventional therapeutic technologies or drug products.

The market opportunities for our product candidates may be limited to those patients who are ineligible for established therapies or for whom prior therapies have failed, and may be small.

Cancer therapies are sometimes characterized as first line, second line or third line, and the FDA often approves new therapies initially only for third line use. When cancer is detected early enough, first-line therapy, usually chemotherapy, hormone therapy, surgery, radiotherapy or a combination of these, is sometimes adequate to cure the cancer or prolong life without a cure. Second- and third-line therapies are administered to patients when prior therapy is not effective. We expect to initially seek approval of our product candidates as a therapy for patients who have received one or more prior treatments. Subsequently, for those products that prove to be sufficiently beneficial, if any, we would expect to seek approval potentially as a first-line therapy, but there is no guarantee that our product candidates, even if approved, would be approved for first-line therapy, and, prior to any such approvals, we may have to conduct additional clinical trials.

Our projections of both the number of people who have the cancers we are targeting, as well as the subset of people with these cancers who have received one or more prior treatments, and who have the potential to benefit from treatment with our product candidates, are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations, or market research, and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these cancers. The number of patients may turn out to be lower than expected. Additionally, the potentially addressable patient population for our product candidates may be limited or may not be amenable to treatment with our product candidates. Even if we obtain significant market share for our product candidates, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional indications, including to be used as first or second line therapy.

We have obtained orphan drug designations from the FDA for CRS-207 and GVAX Pancreas for the treatment of pancreatic cancer and for CRS-207 for the treatment of mesothelioma, but we may be unable to maintain the benefits associated with orphan drug designation, including the potential for market exclusivity.

Under the Orphan Drug Act, the FDA may grant orphan drug designation to a drug or biologic intended to treat a rare disease or condition, which is defined as one occurring in a patient population of fewer than 200,000 in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug or biologic will be recovered from sales in the United States. In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers. In addition, if a product that has orphan drug designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusivity, which means that the FDA may not approve any other applications, including a full Biologics License Application, or BLA, to market the same biologic for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity or where the manufacturer is unable to assure sufficient product quantity.

Even though we have received orphan drug designation for both CRS-207 and GVAX Pancreas for the treatment of pancreatic cancer and for CRS-207 for the treatment of mesothelioma, we may not be the first to obtain marketing approval of either product candidate for the orphan-designated indication due to the uncertainties associated with developing pharmaceutical products. In addition, exclusive marketing rights in the United States may be limited if we seek approval for an indication broader than the orphan-designated indication or may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition. Further, even if we obtain orphan drug exclusivity for a product, that exclusivity may not effectively protect the product from competition because different drugs with different active moieties can be approved for the same condition. Even after an orphan product is approved, the FDA can subsequently approve the same drug with the same active moiety for the same condition if the FDA concludes that the later drug is safer, more effective, or makes a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process. In addition, while we intend to seek orphan drug designation for other product candidates, we may never receive such designations.

We have obtained Breakthrough Therapy designation from the FDA for the combination of CRS-207 and GVAX Pancreas in pancreatic cancer, but we may be unable to maintain the benefits associated with this designation.*

In 2012, the FDA established a new Breakthrough Therapy designation, which is intended to expedite the development and review of products that treat serious or life-threatening conditions where “preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development.” The designation of a product candidate as a Breakthrough Therapy provides potential benefits that include but are not limited to more frequent meetings with the FDA to discuss the development plan for the product candidate and

ensure collection of appropriate data needed to support approval; more frequent written correspondence from FDA about such things as the design of the proposed clinical trials and use of biomarkers; intensive guidance on an efficient drug development program; organizational commitment involving senior managers; and eligibility for rolling review and priority review. Breakthrough Therapy designation does not change the standards for product approval. FDA can also rescind the Breakthrough Therapy designation in the event that the program no longer meets the criteria for eligibility. This could occur if a new therapy is approved and the existing data no longer show substantial improvement over the new therapy. We have obtained Breakthrough Therapy designation for our CRS-207 and GVAX Pancreas combination. Despite the potential advantages of Breakthrough Therapy designation, we may fail to maintain the designation or ultimately obtain regulatory approval of CRS-207 and GVAX Pancreas, and if we do obtain approval, we may fail to do so on an accelerated basis. In addition, while we intend to seek Breakthrough Therapy designation for other product candidates, we may never receive such designation.

If we fail to develop additional product candidates, our commercial opportunity will be limited.*

We expect to initially develop our lead product candidate, CRS-207. However, one of our strategies is to pursue clinical development of additional product candidates. Developing, obtaining regulatory approval for and commercializing additional product candidates will require substantial additional funding and are prone to the risks of failure inherent in medical product development. We cannot assure you that we will be able to successfully advance any of these additional product candidates through the development process.

Even if we obtain FDA approval to market additional product candidates for the treatment of cancer, we cannot assure you that any such product candidates will be successfully commercialized, widely accepted in the marketplace or more effective than other commercially available alternatives. If we are unable to successfully develop and commercialize additional product candidates, our commercial opportunity will be limited. Moreover, a failure in obtaining regulatory approval of additional product candidates may have a negative effect on the approval process of any other, or result in losing approval of any approved, product candidate.

We are subject to a multitude of manufacturing and supply chain risks, any of which could substantially increase our costs and limit the supply of our product candidates.

The process of manufacturing our product candidates is complex, highly regulated and subject to several risks, including:

- The manufacturing of drug products is susceptible to product loss due to contamination, equipment failure, improper installation or operation of equipment or vendor or operator error. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If foreign microbial, viral or other contaminations are discovered in our product candidates or in the manufacturing facilities in which our products are made, these manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.
- The manufacturing facilities in which our product candidates are made could be adversely affected by equipment failures, labor shortages, natural disasters, power failures and numerous other factors.
- We and our contract manufacturers must comply with the FDA's cGMP regulations and guidelines. Any failure to follow cGMP or other regulatory requirements or any delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our products as a result of a failure of our facilities or the facilities or operations of third parties to comply with regulatory requirements or pass any regulatory authority inspection could significantly impair our ability to develop and commercialize our products, including leading to significant delays in the availability of products for our clinical studies or the termination or hold on a clinical study, or the delay or prevention of a filing or approval of marketing applications for our product candidates. Significant noncompliance could also result in the imposition of sanctions, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approvals for our product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could damage our reputation. If we are not able to maintain regulatory compliance, we may not be permitted to market our products and/or may be subject to product recalls, seizures, injunctions, or criminal prosecution.
- Our LADD product candidates and GVAX Pancreas are temperature sensitive and must be frozen during storage and transportation, which adds complexity and expense. We rely on third parties to provide controlled temperature storage and shipping. If any third-party provider fails to maintain proper temperature control or if a shipment is delayed in transit for a prolonged period of time, the product could become unsuitable for use.

Any adverse developments affecting manufacturing operations for our product candidates and/or damage that occurs during shipping may result in delays, inventory shortages, lot failures, withdrawals or recalls or other interruptions in the supply of our drug substance and drug product. We may also have to write off inventory, incur other charges and expenses for supply of drug product that fails to

meet specifications, undertake costly remediation efforts, or seek more costly manufacturing alternatives. Inability to meet the demand for any of our product candidates, if approved, could damage our reputation and the reputation of our products among physicians, healthcare payors, patients or the medical community, which could adversely affect our ability to operate our business and our results of operations.

We currently have no marketing and sales organization and have no experience in marketing products. If we are unable to establish marketing and sales capabilities or enter into agreements with third parties to market and sell our product candidates, we may not be able to generate product revenue.

We currently have no sales, marketing or distribution capabilities and have no experience in marketing products. We intend to develop an in-house marketing organization and sales force, which will require significant capital expenditures, management resources and time. We will have to compete with other pharmaceutical and biotechnology companies to recruit, hire, train and retain marketing and sales personnel.

If we are unable or decide not to establish internal sales, marketing and distribution capabilities, we will pursue collaborative arrangements regarding the sales and marketing of our products; however, we cannot assure you that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties, which may not be successful. We may have little or no control over the marketing and sales efforts of such third parties and our revenue from product sales may be lower than if we had commercialized our product candidates ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts of our product candidates.

We cannot assure you that we will be able to develop in-house sales and distribution capabilities or establish or maintain relationships with third-party collaborators to commercialize any product in the United States or elsewhere.

A variety of risks associated with marketing our product candidates internationally could materially adversely affect our business.

We plan to seek regulatory approval of our product candidates outside of the United States and, accordingly, we expect that we will be subject to additional risks related to operating in foreign countries if we obtain the necessary approvals, including:

- differing regulatory requirements in foreign countries;
- unexpected changes in tariffs, trade barriers, price and exchange controls and other regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- difficulties staffing and managing foreign operations;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- potential liability under the Foreign Corrupt Practices Act of 1977 or comparable foreign regulations;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism.

These and other risks associated with our international operations may materially adversely affect our ability to attain or maintain profitable operations.

We face significant competition from other biotechnology and pharmaceutical companies, and our operating results will suffer if we fail to compete effectively.

The biopharmaceutical industry is characterized by intense competition and rapid innovation. Our competitors may be able to develop other compounds or drugs that are able to achieve similar or better results. Many major multinational pharmaceutical companies,

established biotechnology companies, specialty pharmaceutical companies and universities and other research institutions continue to invest time and resources in developing novel approaches to immuno-oncology. Promising results have spurred significant competition from major pharmaceutical and biotechnology companies alike. Our competitors in the field of immuno-oncology and cancer vaccines include AdaptImmune Therapeutics, PLC, Advaxis, Inc., AstraZeneca PLC, Bristol Myers-Squibb Company, Celgene Corporation, GlaxoSmithKline PLC, Idera Pharmaceuticals, Inc., Immune Design Corp., Incyte Corporation, Merck & Co., Inc., Merrimack Pharmaceuticals, Inc., NewLink Genetic Corporation, Novartis AG, Pfizer Inc., Roche Holding AG, Sanofi SA, and Verastem, Inc., among others. Many of our competitors have substantially greater financial, technical and other resources than we do, such as larger research and development staff and experienced marketing, market access, and manufacturing organizations and well-established sales forces. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors, either alone or with collaborative partners, may succeed in developing, acquiring or licensing on an exclusive basis drug or biologic products that are more effective, safer, more easily commercialized or less costly than our product candidates or may develop proprietary technologies or secure patent protection that we may need for the development of our technologies and products. We believe the key competitive factors that will affect the development and commercial success of our product candidates are efficacy, safety, tolerability, reliability, convenience of use, price and reimbursement.

Even if we obtain regulatory approval of our product candidates, the availability and price of our competitors' products could limit the demand and the price we are able to charge for our product candidates. We may not be able to implement our business plan if the acceptance of our product candidates is inhibited by price competition or the reluctance of physicians to switch from existing methods of treatment to our product candidates, or if physicians switch to other new drug or biologic products or choose to reserve our product candidates for use in limited circumstances.

We are highly dependent on our key personnel, and if we are not successful in attracting and retaining highly qualified personnel, we may not be able to successfully implement our business strategy.

Our ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon our ability to attract and retain highly qualified managerial, scientific and medical personnel. We are highly dependent on our management, scientific and medical personnel, including our President and Chief Executive Officer, our Chief Scientific Officer and our Chief Operating Officer. The loss of the services of any of our executive officers, other key employees, and other scientific and medical advisors, and our inability to find suitable replacements could result in delays in product development and harm our business.

We conduct our operations at our facility in Northern California. This region is headquarters to many other biopharmaceutical companies and many academic and research institutions. Competition for skilled personnel in our market is intense and may limit our ability to hire and retain highly qualified personnel on acceptable terms or at all.

To induce valuable employees to remain at our company, in addition to salary and cash incentives, we have provided stock options that vest over time. The value to employees of stock options that vest over time may be significantly affected by movements in our stock price that are beyond our control, and may at any time be insufficient to counteract more lucrative offers from other companies. Despite our efforts to retain valuable employees, members of our management, scientific and development teams may terminate their employment with us on short notice. Although we have employment agreements with our key employees, these employment agreements provide for at-will employment, which means that any of our employees could leave our employment at any time, with or without notice. We do not maintain "key man" insurance policies on the lives of these individuals or the lives of any of our other employees. Our success also depends on our ability to continue to attract, retain and motivate highly skilled junior, mid-level and senior managers as well as junior, mid-level and senior scientific and medical personnel.

We will need to grow the size of our organization, and we may experience difficulties in managing this growth.*

At September 30, 2015, we had 81 full-time employees, including 55 employees engaged in research and development. As our development and commercialization plans and strategies develop, and as we transition into operating as a public company, we expect to need additional managerial, operational, sales, marketing, financial and other personnel. Future growth would impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical and FDA review process for our product candidates, while complying with our contractual obligations to contractors and other third parties; and
- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to commercialize our product candidates will depend, in part, on our ability to effectively manage any future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services, including substantially all aspects of regulatory approval, clinical management, and manufacturing. We cannot assure you that the services of independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by consultants is compromised for any reason, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval of our product candidates or otherwise advance our business. We cannot assure you that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, or at all.

If we are not able to effectively expand our organization by hiring new employees and expanding our groups of consultants and contractors, we may not be able to successfully implement the tasks necessary to further develop and commercialize our product candidates and, accordingly, may not achieve our research, development and commercialization goals.

Our internal computer systems, or those used by our CROs or other contractors or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our internal computer systems and those of our CROs and other contractors and consultants are vulnerable to damage from computer viruses and unauthorized access. While we have not to our knowledge experienced any such material system failure or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third parties for the manufacture of our product candidates and to conduct clinical trials, and similar events relating to their computer systems could also have a material adverse effect on our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development and commercialization of our product candidates could be delayed.

Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.

Our operations, and those of our CROs and other contractors and consultants, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are predominantly self-insured. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. We rely on third-party manufacturers to produce and process our product candidates on a patient by patient basis. Our ability to obtain clinical supplies of our product candidates could be disrupted if the operations of these suppliers are affected by a man-made or natural disaster or other business interruption. Our corporate headquarters is in Northern California near major earthquake faults and fire zones. The ultimate impact on us, our significant suppliers and our general infrastructure of being located near major earthquake faults and fire zones and being consolidated in certain geographical areas is unknown, but our operations and financial condition could suffer in the event of a major earthquake, fire or other natural disaster.

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

We are exposed to the risk that our employees, independent contractors, consultants, commercial partners and vendors may engage in fraudulent or illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to us that violates: (1) the laws of the FDA and other similar foreign regulatory bodies, including those laws requiring the reporting of true, complete and accurate information to such regulators; (2) manufacturing standards; (3) healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws; or (4) laws that require the true, complete and accurate reporting of financial information or data. If we obtain FDA approval of any of our product candidates and begin commercializing those products in the United States, our potential exposure under such laws will increase significantly, and our costs associated with compliance with such laws are also likely to increase. These laws may impact, among other things, our current activities with principal investigators and research patients, as well as proposed and future sales, marketing and education programs. In particular, the promotion, sales and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws designed to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, structuring and

commissions, certain customer incentive programs and other business arrangements generally. Activities subject to these laws also involve the improper use of information obtained in the course of patient recruitment for clinical trials.

We have adopted a code of business conduct and ethics, but it is not always possible to identify and deter misconduct by our employees and other third parties, and the precautions we take to detect and prevent these activities may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us and we are not successful in defending ourselves or asserting our rights, those actions could result in the imposition of significant fines or other sanctions, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings and curtailment of operations, any of which could adversely affect our ability to operate our business and our results of operations. Whether or not we are successful in defending against such actions or investigations, we could incur substantial costs, including legal fees, and divert the attention of management in defending ourselves against any of these claims or investigations.

Even if we obtain regulatory approval of our product candidates, the products may not gain market acceptance among physicians, patients, hospitals, cancer treatment centers and others in the medical community.*

The use of LADD or CDN product candidates as potential cancer treatments, even if approved, may not become broadly accepted by physicians, patients, hospitals, cancer treatment centers and others in the medical community. For example, certain of the product candidates that we are developing target a cell surface marker that may be present on non-cancerous cells as well as cancer cells. It is possible that our product candidates may kill these non-cancerous cells, which may result in unacceptable side effects, including death. Additional factors will influence whether our product candidates are accepted in the market, including:

- the clinical indications for which our product candidates are approved;
- physicians, hospitals, cancer treatment centers and patients considering our product candidates as a safe and effective treatment;
- the potential and perceived advantages of our product candidates over alternative treatments;
- the prevalence and severity of any side effects;
- side effects or results reported for competing products or product candidates that are perceived to have similarities to ours, such as competing *listeria* based vaccines or other more general approaches to immuno-oncology;
- product labeling or product insert requirements of the FDA or other regulatory authorities;
- limitations or warnings contained in the labeling approved by the FDA;
- the timing of market introduction of our product candidates as well as competitive products;
- the cost of treatment in relation to alternative treatments;
- the availability of adequate coverage, reimbursement and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of coverage by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts.

In addition, we are utilizing replication competent vectors, and adverse publicity due to the ethical and social controversies surrounding the therapeutic use of such technologies, and reported side effects from any clinical trials using these technologies or the failure of such trials to demonstrate that these therapies are safe and effective may limit market acceptance our product candidates. If our product candidates are approved but fail to achieve market acceptance among physicians, patients, hospitals, cancer treatment centers or others in the medical community, we will not be able to generate significant revenue.

Even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our products, are more cost effective or render our products obsolete.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

We face an inherent risk of product liability as a result of the clinical testing of our product candidates and will face an even greater risk if we commercialize any products. For example, we may be sued if our product candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Claims could also be asserted under state consumer protection acts. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates;
- injury to our reputation;
- withdrawal of clinical trial participants;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources;
- the inability to commercialize any product candidate; and
- a decline in our share price.

Our inability to obtain sufficient product liability insurance at an acceptable cost to protect against potential product liability claims could prevent or inhibit the commercialization of products we develop, alone or with corporate collaborators.

We currently hold $5.0 million in product liability insurance in the aggregate, which we believe is customary for similarly situated companies and adequate to provide us with insurance coverage for foreseeable risks, but which may not be adequate to cover all liabilities that we may incur. Insurance coverage is increasingly expensive. We may not be able to maintain insurance at a reasonable cost or in an amount adequate to satisfy any liability that may arise, if at all. Our insurance policy contains various exclusions, and we may be subject to a product liability claim for which we have no coverage. We may have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Even if our agreements with any future corporate collaborators entitle us to indemnification against losses, such indemnification may not be available or adequate should any claim arise.

Risks Related to Our Reliance on Third Parties

We have entered into licensing agreements with third parties for certain product candidates and as a result have placed restrictions on our development of certain product candidates for particular indications. We may elect to enter into additional licensing or collaboration agreements to partner our product candidates in territories we currently retain. Our dependence on such relationships may adversely affect our business.

Because we have limited resources, we may seek to enter into collaboration agreements with other pharmaceutical or biotechnology companies. Any failure by our partners to perform their obligations or any decision by our partners to terminate these agreements could negatively impact our ability to successfully develop, obtain regulatory approvals for and commercialize our product candidates. In the event we grant exclusive rights to such partners, we would be precluded from potential commercialization of our product candidates within the territories in which we have a partner. For example, we have entered into exclusive research and license agreements with Janssen for the development and commercialization of ADU-741, GVAX for prostate cancer and ADU-214. Under these agreements, we have granted Janssen exclusive rights to develop and commercialize LADD product candidates for prostate and lung cancers. In addition, we have granted Janssen exclusive rights to develop and commercialize LADD product candidates with certain antigens and antigen combinations implicated in lung and other cancers for all fields of use. We have also entered into a collaboration and license agreement with Novartis for the development and commercialization of CDN product candidates in

oncology. Under this agreement, we have granted Novartis a co-exclusive license to develop such products worldwide and an exclusive license to commercialize such products outside of the United States. In addition, any termination of our collaboration agreements will terminate the funding we may receive under the relevant collaboration agreement and may impair our ability to fund further development efforts and our progress in our development programs.

Our commercialization strategy for our product candidates may depend on our ability to enter into agreements with collaborators to obtain assistance and funding for the development and potential commercialization of our product candidates in the territories in which we seek to partner. Despite our efforts, we may be unable to secure additional collaborative licensing or other arrangements that are necessary for us to further develop and commercialize our product candidates. Supporting diligence activities conducted by potential collaborators and negotiating the financial and other terms of a collaboration agreement are long and complex processes with uncertain results. Even if we are successful in entering into one or more collaboration agreements, collaborations may involve greater uncertainty for us, as we have less control over certain aspects of our collaborative programs than we do over our proprietary development and commercialization programs. For example, under our collaboration and license agreement with Novartis, we are responsible for a share of the worldwide joint development costs, which may be significant. If we elect to reduce our share of development funding as provided for under the agreement, our share in profits would decrease or convert to a royalty. We may determine that continuing a collaboration under the terms provided is not in our best interest, and we may terminate the collaboration. Our potential future collaborators could delay or terminate their agreements, and as a result our product candidates may never be successfully commercialized.

Further, our potential future collaborators may develop alternative products or pursue alternative technologies either on their own or in collaboration with others, including our competitors, and the priorities or focus of our collaborators may shift such that our product candidates receive less attention or resources than we would like, or they may be terminated altogether. We may also enter into agreements with collaborators to share in the burden of conducting clinical trials, manufacturing and marketing our product candidates. Any such actions by our potential future collaborators may adversely affect our business prospects and ability to earn revenues. In addition, we could have disputes with our potential future collaborators, such as the interpretation of terms in our agreements. Any such disagreements could lead to delays in the development or commercialization of our product candidates or could result in time-consuming and expensive litigation or arbitration, which may not be resolved in our favor.

We rely and will rely on third parties to conduct our clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval of or commercialize our product candidates.

We depend and plan to continue to depend upon independent investigators, other third parties and collaborators, such as universities, medical institutions, CROs and strategic partners, to conduct our preclinical and clinical trials under agreements with us. We expect to have to negotiate budgets and contracts with CROs and study sites, which may result in delays to our development timelines and increased costs. We rely and plan to continue relying heavily on these third parties over the course of our clinical trials, and we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on third parties does not relieve us of our regulatory responsibilities. We and these third parties are required to comply with good clinical practices, or GCPs, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for product candidates in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of these third parties fail to comply with applicable GCP regulations, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection, such regulatory authorities will determine that any of our clinical trials comply with the GCP regulations. In addition, our clinical trials must be conducted with biologic product produced under current good manufacturing practices, or cGMPs, regulations and will require a large number of test patients. Our failure or any failure by these third parties to comply with these regulations or to recruit a sufficient number of patients may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, our business may be implicated if any of these third parties violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws.

Any third parties conducting our clinical trials are not our employees and, except for remedies available to us under our agreements with such third parties, we cannot control whether or not they devote sufficient time and resources to our ongoing preclinical, clinical and nonclinical programs. These third parties may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical studies or other drug development activities, which could affect their performance on our behalf. If these third parties do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols or regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to complete development of, obtain regulatory approval of or successfully commercialize our product candidates. As

a result, our financial results and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenue could be delayed.

Switching or adding third parties to conduct our clinical trials involves substantial cost and requires extensive management time and focus. In addition, there is a natural transition period when a new third party commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with third parties conducting our clinical trials, we cannot assure you that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

We rely and expect to continue to rely on third parties to manufacture our clinical product supplies, and we intend to rely on third parties to produce and process our product candidates, if approved, and our commercialization of any of our product candidates could be stopped, delayed or made less profitable if those third parties fail to obtain approval of government regulators, fail to provide us with sufficient quantities of drug product or fail to do so at acceptable quality levels or prices.

We do not currently have nor do we plan to acquire the infrastructure or capability internally to manufacture our clinical supplies for use in the conduct of our clinical trials, and we lack the resources and the capability to manufacture any of our product candidates on a clinical or commercial scale. We currently rely on outside vendors to manufacture our clinical supplies of our product candidates and plan to continue relying on third parties to manufacture our product candidates on a commercial scale, if approved.

The facilities used by our contract manufacturers to manufacture our product candidates must be approved by the FDA pursuant to inspections that will be conducted after we submit our marketing applications to the FDA. We do not control the manufacturing process of, and are completely dependent on, our contract manufacturing partners for compliance with the regulatory requirements, known as cGMPs, for manufacture of our product candidates. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or others, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved.

We do not yet have sufficient information to reliably estimate the cost of the commercial manufacturing of our product candidates, and the actual cost to manufacture our product candidates could materially and adversely affect the commercial viability of our product candidates. As a result, we may never be able to develop a commercially viable product.

In addition, our reliance on third-party manufacturers exposes us to the following additional risks:

- We may be unable to identify manufacturers on acceptable terms or at all.
- Our third-party manufacturers might be unable to timely formulate and manufacture our product or produce the quantity and quality required to meet our clinical and commercial needs, if any.
- Contract manufacturers may not be able to execute our manufacturing procedures appropriately.
- Our future contract manufacturers may not perform as agreed or may not remain in the contract manufacturing business for the time required to supply our clinical trials or to successfully produce, store and distribute our products.
- Manufacturers are subject to ongoing periodic unannounced inspection by the FDA and corresponding state agencies to ensure strict compliance with cGMP and other government regulations and corresponding foreign standards. We do not have control over third-party manufacturers' compliance with these regulations and standards.
- We may not own, or may have to share, the intellectual property rights to any improvements made by our third-party manufacturers in the manufacturing process for our products.
- Our third-party manufacturers could breach or terminate their agreement with us.

Each of these risks could delay our clinical trials, the approval, if any of our product candidates by the FDA or the commercialization of our product candidates or result in higher costs or deprive us of potential product revenue. In addition, we rely on third parties to perform release testing on our product candidates prior to delivery to patients. If these tests are not appropriately conducted and test data are not reliable, patients could be put at risk of serious harm and could result in product liability suits.

The manufacture of medical products is complex and requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls. Manufacturers of biologic products often encounter difficulties in production, particularly in scaling up and validating initial production and absence of contamination. These problems include difficulties with production costs and yields, quality control, including stability of the product, quality assurance testing, operator error, shortages of qualified personnel, as well as compliance with strictly enforced federal, state and foreign regulations. Furthermore, if contaminants are discovered in our supply of our product candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any stability or other issues relating to the manufacture of our product candidates 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 our product candidates to patients in clinical trials would be jeopardized. Any delay or interruption in the supply of clinical trial supplies could delay the completion of 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.

We may form or seek strategic alliances or enter into additional licensing arrangements in the future, and we may not realize the benefits of such alliances or licensing arrangements.

We may form or seek strategic alliances, create joint ventures or collaborations or enter into additional licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our product candidates and any future product candidates that we may develop. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing stockholders or disrupt our management and business. In addition, we face significant competition in seeking appropriate strategic partners and the negotiation process is time-consuming and complex. Moreover, we may not be successful in our efforts to establish a strategic partnership or other alternative arrangements for our product candidates because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view our product candidates as having the requisite potential to demonstrate safety and efficacy. If we license products or businesses, we may not be able to realize the benefit of such transactions if we are unable to successfully integrate them with our existing operations and company culture. We cannot be certain that, following a strategic transaction or license, we will achieve the revenue or specific net income that justifies such transaction. Any delays in entering into new strategic partnership agreements related to our product candidates could delay the development and commercialization of our product candidates in certain geographies for certain indications, which would harm our business prospects, financial condition and results of operations.

We may not realize the benefits of acquisitions, including our acquisition of BioNovion, or other strategic transactions.*

We acquired BioNovion on October 30, 2015, and may acquire other businesses, products or technologies, as well as pursue joint ventures or investments in complementary businesses. The success of acquisitions, including our acquisition of BioNovion, and any future strategic transactions depends on a number of risks and uncertainties, including:

- unanticipated liabilities related to acquired companies;
- difficulties integrating acquired personnel, technologies and operations into our existing business;
- retention of key employees;
- diversion of management time and focus from operating our business to management of strategic alliances or joint ventures or acquisition integration challenges;
- increases in our expenses and reductions in our cash available for operations and other uses;
- disruption in our relationships with collaborators or suppliers as a result of such a transaction; and
- possible write-offs or impairment charges relating to acquired businesses.

If any of these risks or uncertainties occur, we may not realize the anticipated benefit of any acquisition or strategic transaction. For example, BioNovion’s B-select Monoclonal Antibodies platform may fail to identify product candidates that are safe and effective, or at all. Additionally, foreign acquisitions, including our acquisition of BioNovion, a Dutch company, are subject to additional risks, including those related to integration of operations across different cultures and languages, currency risks, potentially adverse tax consequences of overseas operations and the particular economic, political and regulatory risks associated with specific countries.

If our third-party manufacturers use hazardous and biological materials in a manner that causes injury or violates applicable law, we may be liable for damages.

Our research and development activities involve the controlled use of potentially hazardous substances, including chemical and biological materials, by our third-party manufacturers. Our manufacturers are subject to federal, state and local laws and regulations in the United States governing the use, manufacture, storage, handling and disposal of medical and hazardous materials. Although we believe that our manufacturers' procedures for using, handling, storing and disposing of these materials comply with legally prescribed standards, we cannot completely eliminate the risk of contamination or injury resulting from medical or hazardous materials. As a result of any such contamination or injury, we may incur liability or local, city, state or federal authorities may curtail the use of these materials and interrupt our business operations. In the event of an accident, we could be held liable for damages or penalized with fines, and the liability could exceed our resources. We do not have any insurance for liabilities arising from medical or hazardous materials. Compliance with applicable environmental laws and regulations is expensive, and current or future environmental regulations may impair our research, development and production efforts, which could harm our business, prospects, financial condition or results of operations.

Risks Related to Government Regulation

The FDA regulatory approval process is lengthy and time-consuming, and we may experience significant delays in the clinical development and regulatory approval of our product candidates.

The time required to obtain approval by the FDA and comparable foreign authorities is unpredictable but typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions. We have not previously submitted a BLA or NDA to the FDA, or similar marketing applications filings to comparable foreign authorities. A BLA or NDA must include extensive preclinical and clinical data and supporting information to establish the product candidate's safety, purity and potency, or safety and effectiveness for each desired indication. The BLA or NDA must also include significant information regarding the chemistry, manufacturing and controls for the product. We expect the novel nature of our product candidates to create further challenges in obtaining regulatory approval. For example, the FDA has limited experience with commercial development of immunotherapies for cancer. We also intend to obtain regulatory approval of future product candidates regardless of cancer type or origin, which the FDA may have difficulty accepting if our clinical trials only involved cancers of certain origins. Accordingly, the regulatory approval pathway for our product candidates may be uncertain, complex, expensive and lengthy, and approval may not be obtained.

Our product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of our clinical trials;
- we may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a product candidate is safe and effective for its proposed indication;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval;
- we may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of a BLA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; or
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval to market our product candidates, which would significantly harm our business, results of operations and prospects.

In addition, even if we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could materially harm the commercial prospects for our product candidates.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of our product candidates in other jurisdictions.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, while a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA grants marketing approval of a product candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing and promotion of the product candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from, and greater than, those in the United States, including additional preclinical studies or clinical trials as clinical studies conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our products is also subject to approval.

We may also submit marketing applications in other countries. Regulatory authorities in jurisdictions outside of the United States have requirements for approval of product candidates with which we must comply prior to marketing in those jurisdictions. 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/or 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.

Even if we receive regulatory approval of our product candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our product candidates.

Any regulatory approvals that we receive for our product candidates may be subject to limitations on the approved indicated uses for which the product may be marketed or the conditions of approval, or contain requirements for potentially costly post-market testing and surveillance to monitor the safety and efficacy of the product candidate. The FDA may also require a risk evaluation and mitigation strategy, or REMS, as a condition of approval of our product candidates, which could include 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 a comparable foreign regulatory authority approves 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 GCPs for any clinical trials that we conduct post-approval. Later discovery of previously unknown problems with our product candidates, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

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

The FDA's and other regulatory authorities' 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, if we were able to obtain accelerated approval of our pancreatic cancer combination of CRS-207 and GVAX Pancreas, the FDA would require us to conduct a confirmatory study to verify the predicted clinical benefit and additional safety studies. The results from the confirmatory study may not support the clinical benefit, which would result in the approval being withdrawn.

Coverage and reimbursement may be limited or unavailable in certain market segments for our product candidates, which could make it difficult for us to sell our product candidates profitably.

Successful sales of our product candidates, if approved, depend, in part, on the availability of adequate coverage and reimbursement from third-party payors. In addition, because our product candidates represent new approaches to the treatment of cancer, we cannot accurately estimate the potential revenue from our product candidates.

Patients who are provided medical treatment for their conditions generally rely on third-party payors to reimburse all or part of the costs associated with their treatment. Adequate coverage and reimbursement from governmental healthcare programs, such as Medicare and Medicaid, and commercial payors is critical to new product acceptance.

Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which drugs and treatments they will cover and the amount of reimbursement. Reimbursement by a third-party payor may depend upon a number of factors, including, but not limited to, the third-party payor's determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Obtaining coverage and reimbursement approval of a product from a government or other third-party payor is a time-consuming and costly process that could require us to provide to the payor supporting scientific, clinical and cost-effectiveness data for the use of our products. Even if we obtain coverage for a given product, the resulting reimbursement payment rates might not be adequate for us to achieve or sustain profitability or may require co-payments that patients find unacceptably high. Further, we plan to develop our product candidates for use in combination with other products, which may make them cost prohibitive or less likely to be covered by third-party payors. Patients are unlikely to use our product candidates unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our product candidates.

In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific, clinical and cost-effectiveness data and support for the use of our product candidates to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained. We intend to seek approval to market our product candidates in both the United States and in selected foreign jurisdictions. If we obtain approval in one or more foreign jurisdictions for our product candidates, we will be subject to rules and regulations in those jurisdictions. In some foreign countries, particularly those in the EU, the pricing of biologics is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after obtaining marketing approval of a product candidate.

Recently enacted and future 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.

Third-party payors, whether domestic or foreign, or governmental or commercial, are developing increasingly sophisticated methods of controlling healthcare costs. In both the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory changes to the health care system that could impact our ability to sell our products profitably. In particular, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively, the Affordable Care Act, was enacted. The Affordable Care Act and its implementing regulations, among other things, subjected biologic products to potential competition by lower-cost biosimilars, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for certain drugs and biologics, including our product candidates, that are inhaled, infused, instilled, implanted or injected, increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program, extended the Medicaid Drug Rebate Program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations, subjected manufacturers to new annual fees and taxes for certain branded prescription drugs, provided incentives to programs that increase the federal government's comparative effectiveness research and established 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 manufacturer's outpatient drugs to be covered under Medicare Part D.

Other legislative changes have been proposed and adopted in the United States since the Affordable Care Act was enacted. In August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This includes aggregate reductions of Medicare payments to providers of 2% per fiscal year, which went into effect in April 2013, and will remain 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, or the ATRA, which, among other things, further reduced Medicare payments to several providers, including hospitals and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal and state levels directed at broadening the availability of healthcare and containing or lowering the cost of healthcare. We cannot predict the initiatives that may be adopted in the future. The continuing efforts of the government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare and/or impose price controls may adversely affect:

- the demand for our product candidates, if we obtain regulatory approval;
- our ability to set a price that we believe is fair for our products;
- our ability to generate revenue and achieve or maintain profitability;
- the level of taxes that we are required to pay; and
- the availability of capital.

Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors, which may adversely affect our future profitability.

Our current and future relationships with customers and third-party payors in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors in the United States and elsewhere will 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, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act, which may constrain the business or financial arrangements and relationships through which we sell, market and distribute any drugs for which we obtain marketing approval. In addition, we may be subject to transparency laws and patient privacy regulation by the U.S. federal and state governments and by governments in foreign jurisdictions in which we conduct our business. The applicable federal, state and foreign healthcare laws and regulations that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which prohibits, among other things, knowingly and willfully soliciting, receiving, offering or paying any remuneration (including any kickback, bribe, or rebate), directly or indirectly, overtly or covertly, in cash or in kind, to induce, or in return for, either the referral of an individual, or the purchase, lease, order or recommendation of any good, facility, item or service for which payment may be made, in whole or in part, under a federal healthcare program, such as the Medicare and Medicaid programs. A person or entity can be found guilty of violating the statute without actual knowledge of the statute or specific intent to violate it. In addition, the government may assert 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;
- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment or approval from Medicare, Medicaid, or other third-party payors that are false or fraudulent or knowingly making a false statement to improperly 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, which created federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare

benefit program or obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of the payor (e.g., public or private) and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity can be found guilty of violating these statutes without actual knowledge of the statutes or specific intent to violate them;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, which impose requirements on certain covered healthcare providers, health plans and healthcare clearinghouses as well as their respective business associates that perform services for them that involve the use, or disclosure of, individually identifiable health information, relating to the privacy, security and transmission of individually identifiable health information without appropriate authorization;
- the federal Physician Payment Sunshine Act, created under the Affordable Care Act, and its implementing regulations, which require manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to the United States Department of Health and Human Services, or HHS, information related to payments or other transfers of value made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members and payments or other "transfers of value" made to such physician owners;
- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state and foreign laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and regulatory safe harbors available under such laws, it is possible that some of our business activities could be subject to challenge under one or more of such laws. The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry. Responding to investigations can be time-and resource-consuming and can divert management's attention from the business. Additionally, as a result of these investigations, healthcare providers and entities may have to agree to additional onerous compliance and reporting requirements as part of a consent decree or corporate integrity agreement. Any such investigation or settlement could increase our costs or otherwise have an adverse effect on our business.

If our operations are found to be in violation of any of the laws described above or any other government regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in federal and state healthcare programs and the curtailment or restricting of our operations, any of which could harm our ability to operate our business and our financial results. In addition, the approval and commercialization of any of our product candidates outside the United States will also likely subject us to foreign equivalents of the healthcare laws mentioned above, among other foreign laws.

Risks Related to Our Intellectual Property

If we are unable to protect our intellectual property rights or if our intellectual property rights are inadequate for our technology and product candidates, our competitive position could be harmed.

Our commercial success will depend in part on our ability to obtain and maintain patent and other intellectual property protection in the United States and other countries with respect to our proprietary technology and products. We rely on trade secret, patent, copyright and trademark laws, and confidentiality, licensing and other agreements with employees and third parties, all of which offer only limited protection. We seek to protect our proprietary position by filing and prosecuting patent applications in the United States and abroad related to our novel technologies and products that are important to our business.

The patent positions of biotechnology and pharmaceutical companies generally are highly uncertain, involve complex legal and factual questions and have in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patents, including those patent rights licensed to us by third parties, are highly uncertain. The steps we or our licensors have taken to protect our proprietary rights may not be adequate to preclude misappropriation of our proprietary information or infringement of our intellectual property rights, both inside and outside of the United States Further, the examination process may require us or our licensors to narrow the claims for our pending patent applications, which may limit the scope of patent protection that may be obtained if these applications issue. The rights already granted under any of our currently issued patents or those licensed to us and those that may be granted under future issued patents may not provide us with the proprietary protection or competitive advantages we are seeking. If we or our licensors are unable to obtain and maintain patent protection for our technology and products, or if the scope of the patent protection obtained is not sufficient, our competitors could develop and commercialize technology and products similar or superior to ours, and our ability to successfully commercialize our technology and products may be adversely affected. It is also possible that we or our licensors will fail to identify patentable aspects of inventions made in the course of our development and commercialization activities before it is too late to obtain patent protection on them.

With respect to patent rights, we do not know whether any of the pending patent applications for any of our compounds or biologic products will result in the issuance of patents that effectively protect our technology or products, or if any of our issued patents or if any of our or our licensors' issued patents will effectively prevent others from commercializing competitive technologies and products. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing or in some cases not at all, until they are issued as a patent. Therefore, we cannot be certain that we or our licensors were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we or our licensors were the first to file for patent protection of such inventions.

Our pending applications cannot be enforced against third parties practicing the technology claimed in such applications unless and until a patent issues from such applications. Because the issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, issued patents that we own or have licensed from third parties may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in the loss of patent protection, the narrowing of claims in such patents or the invalidity or unenforceability of such patents, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection for our technology and products. Protecting against the unauthorized use of our or our licensor's patented technology, trademarks and other intellectual property rights is expensive, difficult and may in some cases not be possible. In some cases, it may be difficult or impossible to detect third-party infringement or misappropriation of our intellectual property rights, even in relation to issued patent claims, and proving any such infringement may be even more difficult. For example, two of our patents, U.S. Patent Nos. 7,842,289 and 7,935,804, related to our LADD technology platform were challenged in an *ex parte* reexamination proceeding, which is now concluded. No claims of U.S. Patent No. 7,842,289 were canceled or amended as a result of the *ex parte* reexamination. Of the original 84 claims of U.S. Patent No. 7,935,804, 12 were amended and 22 were canceled to overcome the objections raised in the *ex parte* reexamination, but we believe the remaining claims still cover our LADD technology platform.

Third parties may initiate legal proceedings alleging that we are infringing their intellectual property rights, the outcome of which would be uncertain and could harm our business.

Our commercial success depends upon our ability to develop, manufacture, market and sell our product candidates, and to use our related proprietary technologies without infringing the intellectual property rights of third parties. We may become party to, or threatened with, future adversarial proceedings or litigation regarding intellectual property rights with respect to our product candidates, including interference or derivation proceedings before the U.S. Patent and Trademark Office, or USPTO. Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future. If we are found to infringe a third party's intellectual property rights, we could be required to obtain a license from such third party to continue commercializing our product candidates. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Under certain circumstances, we could be forced, including by court order, to cease commercializing our product candidates. In addition, in any such proceeding or litigation, we could be found liable for monetary damages. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Any claims by third parties that we have misappropriated their confidential information or trade secrets could have a similar negative impact on our business.

While our product candidates are in preclinical studies and clinical trials, we believe that their use in these preclinical studies and clinical trials falls within the scope of the exemptions provided by 35 U.S.C. Section 271(e) in the United States, which exempts from patent infringement liability activities reasonably related to the development and submission of information to the FDA. As our product candidates progress toward commercialization, the possibility of a patent infringement claim against us increases. We attempt to ensure that our product candidates and the methods we employ to manufacture them, as well as the methods for their use we intend

to promote, do not infringe other parties' patents and other proprietary rights. We cannot assure you they do not, however, and competitors or other parties may assert that we infringe their proprietary rights in any event.

In addition, we are testing our product candidates administered with other product candidates or products that are covered by patents held by other companies or institutions. In the event that a labeling instruction is required in product packaging recommending that combination, we could be accused of, or held liable for, infringement of the third-party patents covering the product candidate or product recommended for administration with our product candidates. In such a case, we could be required to obtain a license from the other company or institution to use the required or desired package labeling, which may not be available on commercially reasonable terms, or at all.

We are aware of certain U.S. and foreign patents owned by a certain third party with claims that are broadly directed to a *Listeria* vaccine strain that contains certain proteins, some of which expire as late as 2021. These patents could be construed to cover CRS-207. In addition, we are aware of certain U.S. and foreign patents owned by a certain third party with claims that are broadly directed methods of using *Listeria*-based vaccines to treat certain cancers, which expire in 2017. The patents expiring in 2017 may be construed to cover our LADD product candidate, CRS-207, as well as the product candidates licensed to Janssen, ADU-214 and ADU-741. Notwithstanding, we do not currently expect a product launch prior to 2017 and, therefore, the patents expiring in 2017 would not appear relevant to our commercialization plans unless our approval was accelerated or they somehow were extended. Generally, conducting clinical trials and other development activities in the United States is not considered an act of infringement. If and when products are approved by the FDA, that certain third party may then seek to enforce its patents by filing a patent infringement lawsuit against us or our licensee(s). In such lawsuit, we or our licensee(s) may incur substantial expenses defending our rights or our licensee(s) rights to commercialize such product candidates, and in connection with such lawsuit and under certain circumstances, it is possible that we or our licensee(s) could be required to cease or delay the commercialization of a product candidate and/or be required to pay monetary damages or other amounts, including royalties on the sales of such products. Moreover, such lawsuit may also consume substantial time and resources of our or our licensee(s) management team and board of directors. The threat or consequences of such a lawsuit may also result in royalty and other monetary obligations, which may adversely affect our results of operations and financial condition.

If we breach any of our license agreements, it could have a material adverse effect on our commercialization efforts for our product candidates.

Our commercial success depends on our ability, and the ability of our licensors and collaborators, to develop, manufacture, market and sell our product candidates and use our licensors' or collaborators' proprietary technologies without infringing the property rights of third parties. For example, we have entered into license agreements with the Johns Hopkins University and the Regents of the University of California related to our LADD product candidates, and license agreements with Karagen Pharmaceuticals, Inc. and the Regents of the University of California related to our CDN product candidates, and we expect to enter into additional licenses in the future. 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 materially 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.

We have granted Janssen certain rights to file, prosecute, maintain and enforce specific patents that relate to ADU-214, ADU-741 and GVAX Prostate. Our inability to control the filing, prosecution, maintenance and enforcement of such patents could materially harm our business.

As part of the agreements with Janssen related to ADU-214, ADU-741 and GVAX Prostate, we have granted Janssen the initial right and responsibility to file, prosecute, maintain and enforce any patents and patent applications that contain pending or issued claims that are specifically directed to the antigens contained in ADU-214, ADU-741 and GVAX Prostate. For example, if a third party is infringing one of the antigen-specific patents by marketing a product that is identical or similar to ADU-214 for the treatment of lung cancer (such as a biosimilar of ADU-214), Janssen would have the initial right to enforce the antigen-specific patents against the third party. If we do not have the ability to control the enforcement of the antigen-specific patents against a third party that is marketing a product that is identical or similar to ADU-214, ADV-741 or GVAX Prostate, our business may be materially harmed.

We have granted Janssen the right to determine patent term extension strategy for specific patents that relate to ADU-214, ADU-741 and GVAX Prostate. Our inability to control the patent term extension strategy could materially harm our business.

As part of the license agreements with Janssen related to ADU-214, ADU-741 and GVAX Prostate, we have granted Janssen the right and responsibility to determine the strategy to apply for the extension of the term of any licensed patents that are specifically directed to the antigen contained in ADU-214 or the antigens contained in ADU-741. Janssen may decide not to apply for extension of any term of a licensed patent that may otherwise be eligible for extension, which could decrease the royalties received from Janssen for the sale of ADU-214, ADU-741 and/or GVAX Prostate. If we allow Janssen to also apply for extension of a licensed patent for ADU-214, ADU-714 and/or GVAX Prostate that may also be relevant to another product candidates that we may be developing and commercializing, we could be prevented from seeking extension of the same patent for our product. If we do not have the ability to control the strategy for patent term extension of any of our licensed patents, our business may be materially harmed.

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

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

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain 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 biopharmaceuticals, which could make it difficult for us to stop the infringement of our or our licensor's patents or marketing of competing products in violation of our proprietary rights generally in those countries. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business, could put our and our licensors' patents at risk of being invalidated or interpreted narrowly and our and our licensors' patent applications at risk of not issuing and could provoke third parties to assert claims against us or our licensors. We or our licensors may not prevail in any lawsuits that we or our licensors initiate and the damages or other remedies awarded, if any, may not be commercially meaningful.

The laws of certain foreign countries may not protect our rights to the same extent as the laws of the United States, and these foreign laws may also be subject to change. For example, methods of treatment and manufacturing processes may not be patentable in certain jurisdictions, and the requirements for patentability may differ in certain countries, particularly developing countries. Furthermore, generic and/or biosimilar product manufacturers or other competitors may challenge the scope, validity or enforceability of our or our licensors' patents, requiring us or our licensors to engage in complex, lengthy and costly litigation or other proceedings.

Generic or biosimilar product manufacturers may develop, seek approval for, and launch biosimilar versions or generic versions, respectively, of our products. The FDA has published four draft guidance documents on biosimilar product development. For the FDA to approve a biosimilar product as interchangeable with a reference product, the agency must find that the biosimilar product can be expected to produce the same clinical results as the reference product and, for products administered multiple times, the biosimilar 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. However, 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 are still being worked out by the FDA. To date, no biosimilar or interchangeable biologic has been licensed under the Biologics Price Competition and Innovation Act of 2009, or BPCIA, framework, although such approvals have occurred in Europe, and it is anticipated that the FDA will approve a biosimilar in the relatively near future. If any of our product candidates are approved by the FDA, the approval of a biologic product biosimilar to one of our products could have a material impact on our business. In particular, a biosimilar could be significantly less costly to bring to market and priced significantly lower than our products, if approved by the FDA.

Some jurisdictions may require us to grant licenses to third parties. Such compulsory licenses could be extended to include some of our product candidates, which may limit our potential revenue opportunities.

Many countries, including European Union countries, have compulsory licensing laws under which a patent owner may be compelled under certain circumstances to grant licenses to third parties. In those countries, we and our licensors may have limited remedies if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our and our licensors' efforts to enforce intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we own or license.

Patent terms may be inadequate to protect our competitive position on our products for an adequate amount of time, and our product candidates for which we intend to seek approval as biologic products may face competition sooner than anticipated.

Given the amount of time required for the development, testing and regulatory review of new product candidates, such as our product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Currently, we own or license patent families that cover our LADD technology platform, which expire between 2022 and 2027, subject to any extensions, and we own or license patent families that cover *Listeria* strains engineered to express particular antigens, which expire between 2031 and 2033. We expect to seek extensions of patent terms in the United States and, if available, in other countries where we are prosecuting patents. In the United States, the Drug Price Competition and Patent Term Restoration Act of 1984 permits a patent term extension of up to five years beyond the normal expiration of the patent, which is limited to the approved indication (or any additional indications approved during the period of extension). However, the applicable authorities, including the FDA and the USPTO in the United States, and any equivalent regulatory authority in other countries, 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 be able to 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.

The BPCIA established 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 brand product. Under the BPCIA, an application for a biosimilar product cannot be approved by the FDA until 12 years after the original branded product was approved under a BLA. 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 anticipate being awarded market exclusivity for each of our biological product candidates that is subject to its own BLA for 12 years in the United States, 10 years in Europe and significant durations in other markets. However, the term of the patents that cover such product candidates may not extend beyond the applicable market exclusivity awarded by a particular country. For example, in the United States, if all of the patents that cover our particular biologic product expire before the 12-year market exclusivity expires, a third party could submit a marketing application for a biosimilar product four years after approval of our biologic product, and the FDA could immediately review the application and approve the biosimilar product for marketing 12 years after approval of our biologic. Alternatively, a third party could submit a BLA for a similar or identical product any time after approval of our biologic product, and the FDA could immediately review and approve the similar or identical product for marketing and the third party could begin marketing the similar or identical product upon expiry of all of the patents that cover our particular biologic product.

Additionally, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider our product candidates to be reference products for competing products, potentially creating the opportunity for generic competition sooner than anticipated. 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.

Changes in patent law, including recent patent reform legislation, could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

As is the case with other pharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical industry involve technological and legal complexity, and obtaining and enforcing pharmaceutical patents is costly, time-consuming, and inherently uncertain. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. For example, the U.S. Supreme Court has ruled on several patent cases in recent years, 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' 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' ability to obtain new patents or to enforce existing patents and patents we and our licensors may obtain in the future. Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our and our licensors' patent applications and the enforcement or defense of our or our licensors' issued patents.

In September 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 will be prosecuted and may also affect patent litigation. In particular, under the Leahy-Smith Act, the United States transitioned in March 2013 to a "first to file" system in which the first inventor to file a patent application will be entitled to the patent. Third parties are allowed to submit prior art before the issuance of a patent by the USPTO and may become involved in opposition, derivation, reexamination, inter-partes review or interference proceedings challenging our patent rights or the patent rights of our licensors. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our or our licensors' patent rights, which could adversely affect our competitive position.

The USPTO is currently developing 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, did not become effective until 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 patent applications and the enforcement or defense of our issued patents and those licensed to us.

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

Periodic maintenance 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. Noncompliance events that could result in abandonment or lapse of a patent or patent application include, but are not limited to, 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 fail to maintain the patents and patent applications covering our product candidates, our competitive position would be adversely affected.

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

Competitors may infringe our patents or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. Also, third parties may initiate legal proceedings against us or our licensors to challenge the validity or scope of intellectual property rights we own or control. These proceedings can be expensive and time consuming. Many of our current and potential competitors have the ability to dedicate substantially greater resources to defend their intellectual property rights than we can. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Litigation could result in substantial costs and diversion of management resources, which could harm our business and financial results. 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 patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated, held unenforceable or interpreted narrowly. 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 in any such proceedings. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of shares of our common stock.

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

Many of our employees and our licensors' employees, including our senior management, were previously employed at universities or at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, including each member of our senior management, executed proprietary rights, non-disclosure and non-competition agreements, or similar 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 intellectual property, including trade secrets or other proprietary information, of any such third party. Litigation may be necessary to defend against such claims. If we fail in 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 are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Intellectual property rights do not necessarily address all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- Others may be able to make compounds or biologics that are the same as or similar to our product candidates but that are not covered by the claims of the patents that we own or have exclusively licensed.
- We or our licensors or any strategic partners might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or have exclusively licensed.
- We or our licensors might not have been the first to file patent applications covering certain of our inventions.
- Others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights.
- It is possible that our pending patent applications will not lead to issued patents.
- Issued patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable as a result of legal challenges.
- Our competitors might conduct research and development activities in the United States and other countries that provide a safe harbor from patent infringement claims for certain research and development activities, as well as in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets.
- We may not develop additional proprietary technologies that are patentable.
- The patents of others may have an adverse effect on our business.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

In addition to patent protection, we also rely on other proprietary rights, including protection of trade secrets, know-how and confidential and proprietary information. To maintain the confidentiality of trade secrets and proprietary information, we will enter into confidentiality agreements with our employees, consultants and collaborators upon the commencement of their relationships with us. These agreements require that all confidential information developed by the individual or made known to the individual by us during the course of the individual's relationship with us be kept confidential and not disclosed to third parties. Our agreements with employees also provide that any inventions conceived by the individual in the course of rendering services to us shall be our exclusive property. However, we may not obtain these agreements in all circumstances, and individuals with whom we have these agreements may not comply with their terms. In the event of unauthorized use or disclosure of our trade secrets or proprietary information, these agreements, even if obtained, may not provide meaningful protection, particularly for our trade secrets or other confidential information. To the extent that our employees, consultants or contractors use technology or know-how owned by third parties in their work for us, disputes may arise between us and those third parties as to the rights in related inventions.

Adequate remedies may not exist in the event of unauthorized use or disclosure of our confidential information. The disclosure of our trade secrets would impair our competitive position and may materially harm our business, financial condition and results of operations.

Risks Related to our Financial Results

Our operating results may fluctuate significantly, which makes our future operating results difficult to predict and could cause our operating results to fall below expectations or our guidance.

Our quarterly and annual operating results may fluctuate significantly in the future, which makes it difficult for us to predict our future operating results. From time to time, in addition to existing agreements with Janssen and Novartis, we may enter into license or collaboration agreements with other companies that include development funding and significant upfront and milestone payments and/or royalties, which may become an important source of our revenue. Accordingly, our revenue may depend on development funding and the achievement of development and clinical milestones under current and any potential future license and collaboration agreements and sales of our products, if approved. These upfront and milestone payments may vary significantly from period to period and any such variance could cause a significant fluctuation in our operating results from one period to the next.

In addition, we measure compensation cost for stock-based awards made to employees at the grant date of the award, based on the fair value of the award as determined by our board of directors, and recognize the cost as an expense over the employee's requisite service period. As the variables that we use as a basis for valuing these awards change over time, including our underlying stock price and stock price volatility, the magnitude of the expense that we must recognize may vary significantly.

Furthermore, our operating results may fluctuate due to a variety of other factors, many of which are outside of our control and may be difficult to predict, including the following:

- the timing and cost of, and level of investment in, research and development activities relating to our current and any future product candidates, which will change from time to time;
- our ability to enroll patients in clinical trials and the timing of enrollment;
- the cost of manufacturing our current and any future product candidates, which may vary depending on FDA guidelines and requirements, the quantity of production and the terms of our agreements with manufacturers;
- expenditures that we will or may incur to acquire or develop additional product candidates and technologies;
- the timing and outcomes of clinical studies for our product candidates or competing product candidates;
- competition from existing and potential future drugs that compete with our product candidates, and changes in the competitive landscape of our industry, including consolidation among our competitors or partners;
- any delays in regulatory review or approval of CRS-207 or any of our other product candidates;
- the level of demand for our product candidates, if approved, which may fluctuate significantly and be difficult to predict;
- the risk/benefit profile, cost and reimbursement policies with respect to our products candidates, if approved, and existing and potential future drugs that compete with our product candidates;
- our ability to commercialize our product candidates, if approved, inside and outside of the United States, either independently or working with third parties;
- our ability to establish and maintain collaborations, licensing or other arrangements;
- our ability to adequately support future growth;
- potential unforeseen business disruptions that increase our costs or expenses;
- future accounting pronouncements or changes in our accounting policies; and
- the changing and volatile global economic environment.

The cumulative effect of these factors could result in large fluctuations and unpredictability in our quarterly and annual operating results. As a result, comparing our operating results on a period-to-period basis may not be meaningful. Investors should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or operating results fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market

are below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue and/or earnings guidance we may provide.

We previously identified a material weakness in our internal control over financial reporting at December 31, 2012 and December 31, 2013, and we may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements. If we fail to remediate any material weaknesses or if we fail to establish and maintain effective control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected.

In connection with the contemporaneous audit of our consolidated financial statements for the years ended December 31, 2012 and 2013, we identified a control deficiency in the design and operation of our internal control over financial reporting that constituted a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The material weakness identified in our internal control over financial reporting related to our lack of sufficient financial reporting and accounting personnel with the technical expertise to appropriately account for complex, non-routine transactions, primarily related to convertible debt and equity. The material weakness resulted in adjustments to our consolidated financial statements for the years ended December 31, 2012 and 2013. During 2013 and 2014, we took certain actions that remediated the material weakness, which included hiring additional personnel with public company financial reporting expertise to build our financial management and reporting infrastructure, and engaging a third party to provide additional advisory services with respect to technical accounting matters. We intend to further develop and document our accounting policies and financial reporting procedures. However, we cannot assure you that these measures will be sufficient to remediate or prevent future material weaknesses or significant deficiencies from occurring. We also cannot assure you that we have identified all of our existing material weaknesses.

Neither we nor our independent registered public accounting firm has performed an evaluation of our internal control over financial reporting during any period in accordance with the provisions of the Sarbanes-Oxley Act. In light of the control deficiencies and the resulting material weakness that were previously identified as a result of the limited procedures performed, we believe that it is possible that, had we and our independent registered public accounting firm performed an evaluation of our internal control over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act, additional material weaknesses and significant control deficiencies may have been identified. However, for as long as we remain an “emerging growth company” as defined in the JOBS Act, we intend to take advantage of the exemption permitting us not to comply with the requirement that our independent registered public accounting firm provide an attestation on the effectiveness of our internal control over financial reporting.

If we identify future material weaknesses in our internal controls over financial reporting or fail to meet the demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act, we may be unable to accurately report our financial results, or report them within the timeframes required by law or stock exchange regulations. Failure to comply with Section 404 of the Sarbanes-Oxley Act could also potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. We cannot assure that in the future, additional material weaknesses will not exist or otherwise be discovered, any of which could adversely affect our reputation, financial condition and results of operations.

Our ability to use our net operating loss carryforwards to offset future taxable income, and our ability to use our tax credit carryforwards, may be subject to certain limitations.

In general, a corporation that undergoes an “ownership change” under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, is subject to limitations on its ability to utilize its pre-change net operating loss carryforwards, or NOLs, to offset future taxable income and its ability to utilize tax credit carryforwards. As of December 31, 2014, we reported U.S. federal and state NOLs of approximately $51.2 million and $6.0 million, respectively. In general, an “ownership change” occurs if the aggregate stock ownership of one or more stockholders or groups of stockholders who owns at least 5% of a corporation’s stock increases its ownership by more than 50 percentage points over its lowest ownership percentage within a specified testing period. We performed a Section 382 analysis and believe that we experienced multiple ownership changes under Section 382 of the Code. As a result of the ownership changes, we estimate that the utilization of $42.4 million and $5.0 million of federal and state NOLs, respectively, is subject to annual limitations under Section 382. Furthermore, future changes in our stock ownership, such as certain stock issuances and transfers between stockholders, some of which changes are outside of our control, could result in ownership changes under Section 382 of the Code. For these reasons, we may not be able to utilize a material portion of our NOLs and tax credit carryforwards, even if we attain profitability.

Risks Related to Ownership of Our Common Stock

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

The trading price of our common stock has been, and is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control, including limited trading volume. In addition to the factors discussed in this "Risk Factors" section and elsewhere in this quarterly report on Form 10-Q, these factors include:

- the commencement, enrollment or results of the planned clinical trials of our product candidates or any future clinical trials we may conduct, or changes in the development status of our product candidates;
- any delay in our regulatory filings for our product candidates and any adverse development or perceived adverse development with respect to the applicable regulatory authority's review of such filings, including without limitation the FDA's issuance of a "refusal to file" letter or a request for additional information;
- adverse results or delays in clinical trials;
- our decision to initiate a clinical trial, not to initiate a clinical trial or to terminate an existing clinical trial;
- adverse regulatory decisions, including failure to receive regulatory approval of our product candidates;
- changes in laws or regulations applicable to our products, including but not limited to clinical trial requirements for approvals;
- adverse developments concerning our manufacturers;
- our inability to obtain adequate product supply for any approved product or inability to do so at acceptable prices;
- our inability to establish collaborations if needed;
- our failure to commercialize our product candidates;
- additions or departures of key scientific or management personnel;
- unanticipated serious safety concerns related to the use of our product candidates;
- side effects or results reported for competing products or product candidates, such as competing listeria based vaccines or other more general approaches to immuno-oncology, that are perceived to have similarities to ours;
- introduction of new products or services offered by us or our competitors;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
- our ability to effectively manage our growth;
- the size and growth of our initial cancer target markets;
- our ability to successfully treat additional types of cancers or at different stages;
- actual or anticipated variations in quarterly operating results;
- our cash position;
- our failure to meet the estimates and projections of the investment community or that we may otherwise provide to the public;
- publication of research reports about us or our industry, or immuno-oncology in particular, or positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in the market valuations of similar companies;
- overall performance of the equity markets;
- sales of our common stock by us or our stockholders in the future;
- trading volume of our common stock;
- changes in accounting practices;
- ineffectiveness of our internal controls;

- disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies;
- significant lawsuits, including patent or stockholder litigation;
- general political and economic conditions; and
- other events or factors, many of which are beyond our control.

In addition, the stock market in general, and the NASDAQ Global Select Market and biopharmaceutical 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. In the past, securities class action litigation has often been instituted against companies following periods of volatility in the market price of a company's securities. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources, which would harm our business, operating results or financial condition.

Unstable market and economic conditions may have serious adverse consequences on our business, financial condition and stock price.*

As widely reported, global credit and financial markets have experienced extreme volatility and disruptions in the past several years, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. We cannot assure you that further deterioration in credit and financial markets and confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, or do not improve, it may make any necessary debt or equity financing more difficult, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to delay or abandon clinical development plans. In addition, there is a risk that one or more of our current service providers, manufacturers and other partners may not survive these difficult economic times, which could directly affect our ability to attain our operating goals on schedule and on budget.

At September 30, 2015, we had $448.4 million of cash and cash equivalents and marketable securities. While we are not aware of any downgrades, material losses, or other significant deterioration in the fair value of our cash equivalents and marketable securities since September 30, 2015, we cannot assure you that further deterioration of the global credit and financial markets would not negatively impact our current portfolio of cash equivalents or our ability to meet our financing objectives. Furthermore, our stock price may decline due in part to the volatility of the stock market and the general economic downturn.

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

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.*

Our executive officers, directors, and 5% stockholders together beneficially own a significant percentage of our outstanding voting stock. These stockholders may be able to determine the outcome of 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.

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

We are an emerging growth company, as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not

emerging growth companies, including 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 and proxy statements and exemptions from the requirements of holding nonbinding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier. We will remain an emerging growth company until the earlier of (1) (a) December 31, 2020, (b) the last day of the fiscal year in which we have total annual gross revenue of at least $1.0 billion or (c) the last day of the fiscal year 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 $700.0 million as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

Even after we no longer qualify as an emerging growth company, we may still qualify as a “smaller reporting company” which would allow us to take advantage of many of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. 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 significant increased costs as a result of operating as a public company, and our management will be required to 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. We will be subject to the reporting requirements of the Securities Exchange Act of 1934, which will require, among other things, that we file with the Securities and Exchange Commission, or the SEC, annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as rules subsequently adopted by the SEC and the NASDAQ Global Select Market to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, was enacted. There are significant corporate governance and executive compensation related provisions in the Dodd-Frank Act that require the SEC to adopt additional rules and regulations in these areas such as “say on pay” and proxy access. Recent legislation permits emerging growth companies to implement many of these requirements over a longer period and up to five years. We intend to take advantage of this new legislation but cannot guarantee that we will not be required to implement these requirements sooner than budgeted or planned and thereby incur unexpected expenses. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

We expect the rules and regulations applicable to public companies to substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business or increase the prices of our products or services. 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 same or similar 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. Moreover, holders of certain shares of our common stock 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 have registered all currently reserved shares of common stock that we may issue under our equity compensation

plans and intend to register in the future any additional reserved or issued shares of common stock. These registered shares can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates.

Future sales and issuances of our common stock or rights to purchase common stock, including pursuant to our 2015 Plan, 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.

Pursuant to our 2015 Plan, our management is authorized to grant stock options to our employees, directors and consultants.

Initially, the aggregate number of shares of our common stock that may be issued pursuant to stock awards under our 2015 Plan is 6,134,292 shares. Additionally, the number of shares of our common stock reserved for issuance under our 2015 Plan will automatically increase on January 1 of each year, beginning on January 1, 2016 and continuing through and including January 1, 2025, by 4% of the total number of shares of our capital stock outstanding on December 31 of the preceding calendar year, or a lesser number of shares determined by our board of directors. Unless our board of directors elects not to increase the number of shares available for future grant each year, our stockholders may experience additional dilution, which could cause our stock price to fall.

Anti-takeover provisions under our charter documents and Delaware law could delay or prevent a change of control which could limit the market price of our common stock and may prevent or frustrate attempts by our stockholders to replace or remove our current management.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could delay or prevent a change of control of our company or changes in our board of directors that our stockholders might consider favorable. Some of these provisions include:

- a board of directors divided into three classes serving staggered three-year terms, such that not all members of the board will be elected at one time;
- a prohibition on stockholder action through written consent, which requires that all stockholder actions be taken at a meeting of our stockholders;
- a requirement that special meetings of stockholders be called only by the chairman of the board of directors, the chief executive officer, or by a majority of the total number of authorized directors;
- advance notice requirements for stockholder proposals and nominations for election to our board of directors;
- a requirement that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two-thirds of all outstanding shares of our voting stock then entitled to vote in the election of directors;
- a requirement of approval of not less than two-thirds of all outstanding shares of our voting stock to amend any bylaws by stockholder action or to amend specific provisions of our certificate of incorporation; and
- the authority of the board of directors to issue preferred stock on terms determined by the board of directors without stockholder approval and which preferred stock may include rights superior to the rights of the holders of common stock.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporate Law, which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock. These anti-takeover provisions and other provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by the then-current board of directors and could also delay or impede a merger, tender offer or proxy contest involving our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing or cause us to take other corporate actions you desire. Any delay or prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is 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 certificate of incorporation or our bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. This provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find this provision in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. Securities and industry analysts do not currently, and may never, publish research on our company. If no securities or industry analysts commence coverage of our company, the trading price for our stock would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price may decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

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

Sales of Unregistered Securities

(1) From July 1, 2015 to September 30, 2015, we issued 26,305 shares of common stock pursuant to the cash exercise of warrants to purchase our common stock at exercise prices ranging from $0.0001 to $1.66 per share. We received cash proceeds of $1,476 from the exercise of such warrants. These warrants were issued to two accredited investors.

The offer, sale, and issuance of the securities described above was deemed to be exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder as a transaction by an issuer not involving a public offering. The recipients of securities in these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in this transaction. The recipients of securities in these transactions were accredited investors and had adequate access, through employment, business or other relationships, to information about us.

Use of Proceeds from our Public Offering of Common Stock

On April 14, 2015, our registration statement on Form S-1 (File No. 333-202667) relating to our IPO of common stock became effective. The IPO closed on April 20, 2015 at which time we issued 8,050,000 shares of our common stock at an initial offering price of $17.00 per share. We received net proceeds from the IPO of $124.2 million, after deducting the underwriting discount of $9.6 million and expenses of $3.0 million. None of the expenses associated with the IPO were paid to directors, officers, persons owning 10% or more of any class of equity securities, or to their associates, or to our affiliates. Merrill, Lynch, Pierce, Fenner & Smith Incorporated and Leerink Partners LLC acted as joint book-running managers and William Blair & Company, L.L.C. and Canaccord Genuity Inc. acted as co-managers for the offering.

Shares of our common stock began trading on the NASDAQ Global Select Market on April 15, 2015. The shares were registered under the Securities Act on registration statement on Form S-1 (Registration No. 333-202667).

There has been no material change in the planned use of proceeds from our IPO from that described in the prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act on April 15, 2015. As of September 30, 2015, we had used approximately $38.1 million of the proceeds from our IPO.

Repurchases of Shares or of Company Equity Securities

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Number	Description
2.1+	Share Sale Agreement between BioNovion Holding B.V., Brabant Life Sciences Seed Fonds B.V., Spin Off Fonds Brabant B.V., BFF B.V., Aduro Biotech, Inc. and Aduro Netherlands Cöoperatief U.A., dated September 25, 2015.
3.1	Amended and Restated Certificate of Incorporation of Aduro Biotech, Inc. (1)
3.2	Amended and Restated Bylaws of Aduro Biotech, Inc. (2)
4.1	Form of common stock certificate (3)
4.2	Amended and Restated Investor Rights Agreement, by and among Aduro Biotech, Inc. and the stockholders named therein, dated December 19, 2014. (4)
10.1+	Office/Laboratory Lease between Seventh Street Properties VII, LLC and Aduro Biotech, Inc., dated September 11, 2015
10.2	Offer of Employment between Blaine Templeman and Aduro Biotech, Inc., dated September 18, 2015.
31.1	Certifications of Principal Executive Officer pursuant to Rule 13a-14(a).
31.2	Certifications of Principal Financial Officer pursuant to Rule 13a-14(a).
32.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

(1) Incorporated herein by reference to the same numbered exhibit of our current report on Form 8-K (File No. 001-37345) filed with the SEC on April 20, 2015.
(2) Incorporated herein by reference to Exhibit 3.5 of our registration statement on Form S-1, as amended (File No. 333-202667), filed with the SEC on April 6, 2015.
(3) Incorporated herein by reference to the same numbered exhibit of our registration statement on Form S-1, as amended (File No. 333-202667), as filed with the SEC on April 6, 2015.
(4) Incorporated herein by reference to the same numbered exhibit of our registration statement on Form S-1 (File No. 333-202667), as filed with the SEC on March 11, 2015.
+ Confidential treatment requested.
* The Certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Aduro Biotech, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Aduro Biotech, Inc.

Date: November 23, 2015

By: /s/ Stephen T. Isaacs
Stephen T. Isaacs
Chairman, President and Chief Executive Officer
(Principal Executive Officer)

Aduro Biotech, Inc.

Date: November 23, 2015

By: /s/ Gregory W. Schafer
Gregory W. Schafer
Chief Operating Officer
(Principal Financial Officer)

EXHIBIT INDEX

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\+ Confidential treatment requested.

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Exhibit 2.1

Execution Version

SHARE SALE AGREEMENT

Dated 24 September 2015

BETWEEN

Brabant Life Sciences Seed Fonds B.V.
Spin-Off Fonds Brabant B.V.
BFF B.V.
as the Sellers

AND

Aduro Biotech, Inc.
as the Purchaser

AND

Aduro Netherlands Coöperatief U.A.
as the Acquiring Party

AND

BioNovion Holding B.V.
as the Company

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for the sale by
the Sellers of the entire issued share
capital of the Company

TABLE OF CONTENTS

Schedules:

[*] = 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 24b-2 of the Securities Exchange Act of 1934, as amended.

11.1 Employees
11.5 Pension Arrangements

7. Disclosure Letter
8. Purchaser's Representations and Warranties
9. Joint press release
10. Functions and positions with third parties (Directors, Mr. Wiebe Olijve)

[*] = 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 24b-2 of the Securities Exchange Act of 1934, as amended.

SHARE SALE AGREEMENT

THE UNDERSIGNED:

1. **Brabant Life Sciences Seed Fonds B.V.**, a private limited liability company organised under the laws of the Netherlands, whose registered office is at Onderwijsboulevard 225, 5223 DE 's-Hertogenbosch, hereinafter referred to as **"BLSF"**;

2. **Spin-Off Fonds Brabant B.V.**, a private limited liability company organised under the laws of the Netherlands, whose registered office is at Goirleseweg 15, 5026 PB Tilburg, hereinafter referred to as **"SOFB"**;

3. **BFF B.V.**, a private limited liability company organised under the laws of the Netherlands, whose registered office is at Ruusbroecgaarde 139, 5343 JL Oss, hereinafter referred to as **"BFF"**;

   the parties under nrs. 1, 2 and 3 hereinafter to be referred to as the **"Sellers"**

   and

4. **Aduro Biotech, Inc.**, a company organised under the laws of the State of Delaware, United States of America, whose principal place of business is at 626 Bancroft Way, #3C, Berkeley, CA 94710-2224, United States of America, hereinafter referred to as the **"Purchaser"**;

   and

5. **Aduro Netherlands Coöperatief U.A.**, a cooperative organised under the laws of the Netherlands, whose registered office is at Molenweg 50, 5349TD Oss, hereinafter referred to as the **"Acquiring Party"**

   and

6. **BioNovion Holding B.V.**, a private limited liability company organised under the laws of the Netherlands, whose registered office is at Molenstraat 110, 5342 CC Oss, hereinafter referred to as the **"Company"**

WHEREAS:

A. The Company is the sole shareholder of the Subsidiary;

B. The Subsidiary is a company discovering best-in-class therapeutic antibodies for cancer immunotherapy (the **"Business"**);

C. SOFB is controlled by BOM Capital II B.V., of which the shares are indirectly held by the Province of Noord-Brabant, and aims to stimulate and develop the regional economy, inter alia by investing equity capital in innovative start-up and growth companies;

D. BLSF is a fund which stimulates innovative and sustainable initiatives in the area of life sciences, inter alia by providing seed capital to biotechnology companies in their start-up stage;

E. On the Signing Date, the Sellers jointly own 95% of the issued and outstanding share capital of the Company (the **"Shares"**);

F. In 2012 the Sellers have provided equity capital to the Company in order to enable it to carry out its activities throughout the start-up stage;

G. The Purchaser is a clinical-stage cancer immunotherapy company using a platform technology for the development of various products, both as monotherapies and in combination with conventional and emerging cancer treatments. The Acquiring Party is a Dutch cooperative, 99.9% of whose member interests are owned by Aduro International (Bermuda) Ltd., a wholly owned subsidiary of the Purchaser, and the remainder of whose member interests are owned by the Purchaser;

H. The Purchaser wishes to purchase and acquire (through the Acquiring Party) the Shares from the Sellers;

I. The Sellers wish to sell and transfer the Shares to the Acquiring Party;

J. The Parties wish to lay down in this Agreement the terms and conditions of the sale and purchase of the Shares.

NOW HEREBY AGREE AS FOLLOWS:

1. INTERPRETATION

1.1. Definitions

The following capitalised terms and expressions in this Agreement shall have the following meanings:

Accounts	the balance sheet as at the Balance Sheet Date and the profit and loss account of the Companies for the period ended on the Balance Sheet Date together with the explanatory notes thereto
Affiliate	the ultimate parent of a Party and any and all Persons with respect to which the ultimate parent of a Party, directly or indirectly, holds more than fifty percent (50%) of the nominal value of the share capital issued, or more than fifty percent (50%) of the voting power at general meetings, or has the power to appoint and to dismiss a majority of the directors or otherwise to direct the activities of such Person
Agreed Form	in relation to a document, such document in the terms agreed between the Sellers and the Purchaser and signed for identification by or on behalf of the Sellers and the Purchaser with such alterations as may be agreed in writing between the Seller and the Purchaser from time to time
Annex	an annex to a Schedule
[*]	**[*]**
Articles	the Articles of Association (*statuten*) of the Company

Authority	any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, public corporation, court, body, board, tribunal or dispute settlement panel or other law-, rule- or regulation-making organization or entity: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or (b) exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power
Applicable Exchange Rate	the exchange rate between Euros to Dollars as published in The Wall Street Journal on the Business Day immediately preceding the Closing Date
Balance Sheet Date	31 December 2014
Business	as defined in Recital B
Business Day	a day on which banks are generally open in the Netherlands and California, United States of America
Cash	all of the Companies' cash, bank balances and other cash equivalents, including accrued but unpaid interest thereon
Civil Law Notary	civil law notary Mr. R.M. Rieter, another civil law notary of Bird & Bird LLP in The Hague, or such civil law notary's substitute or any other civil law notary of Bird & Bird LLP or any of their deputies
Claim	any claim for payment made by the Purchaser under this Agreement
Closing	the completion of the Transaction on the Closing Date
Closing Cash Amount	the Cash held by the Companies at Closing as, with respect to bank balances, set forth in statements as per the Closing Date (23.59 pm CET) to the Companies by their respective banks, **[*]**.
Closing Date	30 October 2015 or such other date, to be agreed upon by the Parties

Closing External Debt Amount	any borrowings of the Companies from third parties and any interest accrued thereon as per the Closing Date
Closing Net Cash Amount	the Closing Cash Amount minus the Closing External Debt Amount. The Closing Net Cash Amount may be positive or negative
Closing Net Working Capital Amount	the amount equal to (a) the current assets of the Companies (excluding Cash), minus (b) current liabilities of the Companies, as per the Closing Date (excluding deferred revenues)
Closing Statement	has the meaning given thereto in Clause 3.2.3
Company	BioNovion Holding B.V.
Companies	BioNovion Holding B.V. and its only subsidiary BioNovion B.V.
Compensation	any amount to be paid by the Sellers under a Claim pursuant to Clause 9.1 or Clause 11
Contingent Purchase Price	the contingent purchase price for the Shares referred to in Clause 3.1, and payable in accordance with Clause 3.3
Data Room	the virtual data room hosted by Merrill DataSite which was open as from May 2015 up to and including 11 September 2015, containing documents and information relating to Companies, made available by the Sellers, copies of which are enclosed on the Data Room DVD
Data Room DVD	the copy of the Data Room on DVD, in the Agreed Form, attached hereto as Schedule 1
DCC	the Dutch Civil Code (*Burgerlijk Wetboek*)

Deed of Amendment	The notarial deed of amendment of the Articles in the Agreed Form
	the notarial deed of transfer of the Shares in the Agreed Form referred to in Clause 2.2
Deed of Transfer	
Directors	Mr Andrea van Elsas and Mr Hans van Eenennaam, at the date hereof the sole members of the board of management (*bestuurder*) of the Company and "**Director**" means any one of them
Disclosed	facts, matters or other information fairly disclosed in the Disclosure Letter and the Data Room DVD in such a manner and with such detail that the Purchaser, Acquiring Party, and/or their professional advisors reviewing the relevant information should have reasonably assessed the financial, legal, commercial or other relevance and consequences of such disclosure
	the letter with Annexes thereto of even date with this Agreement from the Sellers to the Purchaser and the Acquiring Party, referred to in Clause 8
Disclosure Letter	
Dutch GAAP	the accounting principles generally accepted in the Netherlands with respect to annual accounts
Draft Closing Statement	has the meaning given thereto in Clause 3.2.2.
Employees	the employees of the Companies listed in Annex 11.1
Employment Agreements	The employment agreements to be entered into on the Closing Date by and between the Company and each Director in the Agreed Form

Encumbrances	any rights of pledge, mortgage or usufruct, liens or attachments or similar charges
Escrow Agent	a Dutch professional escrow agent to be agreed between the Parties as soon as reasonably possible after the Signing Date
Escrow Agreement	the escrow agreement to be agreed upon as soon as reasonably possible after the Signing Date and to be entered into on the Closing Date by and between the Escrow Agent, the Sellers, the Purchaser and Acquiring Party
Estimated Closing Cash Amount	has the meaning given thereto in Clause 3.2.1
Estimated Closing External Debt Amount	has the meaning given thereto in Clause 3.2.1
Estimated Closing Net Cash Amount	has the meaning given thereto in Clause 3.2.1
Estimated Closing Net Working Capital Amount	has the meaning given thereto in Clause 11.1
Indemnity Claim	
Independent Expert	the independent expert appointed in accordance with Clause 3.2.6
Initial Purchase Price	the initial purchase price for the Shares referred to in Clause 3.1

Insurance Policies	the insurance policies listed in Annex 9.1
Law	any applicable statute, law, treaty, ordinance, directive, decree, code, judgment, order, rule, or regulation of any Authority, including any judicial or administrative interpretation thereof
Losses	has the meaning given thereto in Clause 9.1
[*]	**[*]**
[*]	**[*]**
[*]	**[*]**
Notary Account	the escrow account (*kwaliteitsrekening*) of the office of the Civil Law Notary, bank account number **[*]**;
Parties	the parties to this Agreement and each a "**Party**"
Permits	EC and/or national and/or provincial and/or municipal licences, permits, exemptions, consents or other authorisations or clearances, howsoever named, granted by an Authority
Person	a natural person or a partnership, company, association, cooperative, mutual insurance society, foundation or any other body which operates externally as an independent unit or organisation
Pre-Closing Statement	has the meaning given thereto in Clause 3.2.1.
Purchase Price	the purchase price for the Shares referred to in Clause 3
Purchaser's Representations and Warranties	the representations and warranties set out in Schedule 8

Real Property Rented	the real property listed in Annex 7.1
Reference Net Working Capital Amount	an amount of EUR **[*]**, being the amount equal to (a) the current assets of the Companies (excluding Cash), minus (b) current liabilities of the Companies, as per 30 June 2015 (excluding deferred revenues)
Restructuring	has the meaning given thereto in Clause 7.2
Schedule	a Schedule to this Agreement
Sellers' Representations and Warranties	the representations and warranties set out in Schedule 6
Shares	all of the 46,216 issued and outstanding shares with a nominal value of EUR 1.00 each in the share capital of the Company with numbers 1 through 46,216 and each a "**Share**"
Signing Date	the date of signing of this Agreement
Split Off Companies and Split Off Company	has the meaning given thereto in Clause 7.2
Stock Issue Agreement	has the meaning given thereto in Clause 6.6
Subsidiary	BioNovion B.V., a private limited liability company organised under the laws of the Netherlands, whose registered office is at Molenstraat 110, 5342 CC Oss, the Netherlands
Subsidiary Shares	all issued and outstanding shares in the capital of BioNovion B.V.

Tax or Taxes	any tax, levy, duty, or other charge or withholding of a similar nature, as well as any contribution to any social security or employee social security scheme including any penalty, interest or costs payable in connection with any failure to pay or any delay in paying any of the same imposed by any Dutch or foreign or other Tax Authority
Tax Authority	with respect to any Tax or Tax Return, the Authority that imposes such Tax or requires a Person to file such Tax Return and the agency (if any) charged with the collection of such Tax or the administration of such Tax Return, in each case for such Authority
Tax Return	any return, declaration, form, report, claim, informational return or statement required to be filed with any Tax Authority, including any schedule or attachment thereto or amendment thereof
Third Party Claim	a claim, suit, action, arbitration, written complaint, written allegation, criminal prosecution, investigation, demand letter or proceeding made by a third party (including an Authority) against any of the Companies, whether at or outside legal proceedings
Transaction	the transaction contemplated by this Agreement
Transaction Documents	the Agreement and any other agreement or document to be entered into in relation to the Transaction

Upfront Aduro Shares	the shares of common stock of the Purchaser to be issued by the Purchaser (acting on behalf of the Acquiring Party) to the Sellers – or, in the case of BFF, its direct or indirect shareholders – on the Closing Date as part of the Initial Purchase Price referred to in Clause 3.1, subject to applicable statutory restrictions and holding periods and certain restrictions as provided in the Stock Issue Agreement or another agreement between the Acquiring Party, Purchaser and each of the Sellers
Upfront Cash Amount	the amount in cash to be paid to the Sellers as part of the Initial Purchase Price referred to in Clause 3.1

1.2. Interpretation

a. No provision of this Agreement shall be interpreted adversely against a Party solely because that Party was responsible for drafting that particular provision.

b. Words denoting the singular shall include the plural and vice versa. Words denoting one gender shall include another gender.

c. English language words used in this Agreement intend to describe Dutch legal concepts only and the consequences of the use of those words in English law or any other foreign law shall be disregarded.

d. This Agreement has been drawn up in English. In the event of any discrepancy between the English text of this Agreement or any agreement resulting therefrom or relating thereto and any translation thereof, the English language version shall prevail. Subject to Clause 1.2 (c), the English (United Kingdom) language version shall also prevail for interpretation purposes.

e. References to any Dutch legal concept shall, in respect of any jurisdiction other than the Netherlands, be deemed to include the concept which in that jurisdiction most closely approximates the Dutch legal concept.

f. The words “include”, “included” or “including” are used to indicate that the matters listed are not a complete enumeration of all matters covered.

g. The headings used in this Agreement are for convenience or reference only and are not to affect the construction of this Agreement or to be taken into consideration in the interpretation of this Agreement.

h. Unless otherwise stated, references to Clauses are to Clauses of this Agreement.

1.3. Schedules and Annexes

Any Schedule and Annex referred to in this Agreement forms an integral and inseparable part of this Agreement.

2. SALE, PURCHASE AND TRANSFER OF THE SHARES

2.1. Sale and Purchase of the Shares

Subject to the terms and conditions set out in this Agreement, the Sellers hereby sell the Shares to the Acquiring Party and the Acquiring Party hereby purchases the Shares from the Sellers as follows:

a. the Acquiring Party purchases from BLSF and BLSF sells to the Acquiring Party 14,108 Shares numbered 18,001 through 32,108;
b. the Acquiring Party purchases from SOFB and SOFB sells to the Acquiring Party 14,108 Shares numbered 32,109 through 46,216; and
c. the Acquiring Party purchases from BFF and BFF sells to the Acquiring Party 18,000 Shares numbered 1 through 18,000.

2.2. Transfer of the Shares

2.2.1 On the Closing Date the Sellers shall transfer the Shares, free from Encumbrances, to the Acquiring Party through the execution of the Deed of Transfer before the Civil Law Notary.

2.2.2 Subject to the terms and conditions of this Agreement, all rights and obligations in connection with the Companies, the Shares and the Business, shall be for the benefit and risk of the Purchaser and the Acquiring Party with effect as from the Closing Date.

2.3. Acknowledgement

The Company undertakes to acknowledge the transfer of the Shares on the Closing Date by co-signing the Deed of Transfer and immediately to enter such transfer in its register of shareholders.

3. PURCHASE PRICE

3.1. Purchase Price

3.1.1 The Purchase Price shall consist of:

(A) the Initial Purchase Price, consisting of:

(i) an amount of EUR 14,500,000 (fourteen million five-hundred thousand euro) in cash (the **"Upfront Cash Amount"**);

(ii) a number of Upfront Aduro Shares to be determined by dividing EUR 14,500,000 (fourteen million five-hundred thousand euro) by the volume weighted average closing market price on NASDAQ of the Purchaser's common stock calculated over the twenty (20) trading days prior to the Closing Date, converted to euros at the Applicable Exchange Rate;

(iii) the Closing Net Cash Amount; and

(iv) the amount equal to the Closing Net Working Capital Amount minus the Reference Net Working Capital Amount; and

(B) the Contingent Purchase Price, consisting of:

[*].

3.1.2 Notwithstanding the foregoing, in the event the **[*]** has been terminated in its entirety by **[*]** prior to the Closing Date or **[*]** has given notice of such termination prior to the Closing Date, then (i) the Upfront Cash Amount shall be reduced to EUR 12,000,000 (twelve million euro), (ii) the number of Upfront Aduro Shares comprising part of the Initial Purchase Price shall be determined by dividing EUR 12,000,000 (twelve million euro) by the volume weighted average closing market price on NASDAQ of the Purchaser's common stock calculated over the twenty (20) trading days prior to the Closing Date, converted to euros at the Applicable Exchange Rate, and (iii) **[*]**.

3.1.3 The Initial Purchase Price shall be paid in accordance with Clauses 6.5 and 6.6 of this Agreement and the Contingent Purchase Price shall be paid in accordance with Clause 3.3. of this Agreement.

3.2. Pre-Closing Statement, Independent Expert and Adjustment

3.2.1. **Pre-Closing Statement**

3.2.1 The Sellers, the Acquiring Party and the Purchaser acknowledge that the Purchase Price is (*inter alia*) based on the assumption that on the Closing Date, the Closing External Debt Amount shall be equal to EUR 0 (zero euro) and that the Closing Net Working Capital Amount shall be equal to the Reference Net Working Capital Amount.

3.2.2 No less than five Business Days prior to the expected Closing Date, the Sellers shall deliver to the Acquiring Party and the Purchaser a statement in the form of a spreadsheet (the "**Pre-Closing Statement**") in the format as included in Schedule 5 (containing the financials as per 30 June 2015 as a benchmark), setting out their good faith estimates (which estimates shall be calculated on bases and principles which have been applied for the 2014 Accounts), of the Closing Net Working Capital Amount as well as the Closing Cash Amount and of the Closing External Debt Amount (respectively the "**Estimated Closing Net Working Capital Amount**, "**Estimated Closing Cash Amount**" and the "**Estimated Closing External Debt Amount**", and the Estimated Closing Cash Amount minus the Estimated Closing External Debt Amount being the "**Estimated Closing Net Cash Amount**"). The Acquiring Party, the Purchaser and the Sellers shall have three Business Days from the receipt thereof to review the Pre-Closing Statement and use their respective good faith efforts to agree on any modification thereof. For this purpose, the Acquiring Party, the Purchaser and Sellers shall have access to any documentation, books, records and accounts relevant to the preparation of the Pre-Closing Statement. Failing agreement between the Acquiring Party, the Purchaser and the Sellers, that the Pre-Closing Statement shall be finally determined by the Sellers acting in good faith no later than the Business Day immediately preceding the expected Closing Date.

3.2.2. **Draft Closing Statement**

Within twenty Business Days following Closing, the Purchaser shall cause to be prepared and delivered to the Sellers, on behalf of the Acquiring Party, unaudited balance sheets of each of the Companies as at Closing prepared in accordance with the requirements of Dutch GAAP and on bases and principles which have been applied for the 2014 Accounts and a statement in the form of a spreadsheet setting out its calculation of the Closing Net Working Capital Amount and the Closing Net Cash Amount (together the "**Draft Closing Statement**").

3.2.3. **Notification of disputed items**

Within twenty Business Days following delivery to the Sellers of the Draft Closing Statement, the Sellers shall notify the Acquiring Party and the Purchaser of any item or items they wish to dispute. Such notification shall include the reasons for such dispute and a list of proposed adjustments, all substantiated in sufficient detail so as to allow proper assessment thereof by the Acquiring Party and Purchaser. If no such notice is received by the Acquiring Party and Purchaser in said period of twenty Business Days or if the Sellers have notified the Acquiring Party and Purchaser that there are no

items they wish to dispute, that Draft Closing Statement shall constitute the Closing Statement (the "**Closing Statement**") for the purposes of this Agreement and shall be binding on the Parties. The Closing Net Working Capital Amount, the Closing Cash Amount and the Closing External Debt Amount as determined in the Closing Statement shall be utilized to determine the adjustment of the Purchase Price under Clause 3.2.8.

3.2.4. **Reference of disputes to the Independent Expert**

If a notice complying with the provisions of Clause 3.2.3 is received by the Acquiring Party and Purchaser within said period of twenty Business Days, the Sellers, the Acquiring Party and the Purchaser shall use commercially reasonable efforts to agree in writing the item or items disputed by the Sellers. If such item or items are not agreed in writing between the Sellers, the Acquiring Party and the Purchaser within ten Business Days following the receipt by the Acquiring Party and Purchaser of the notice provided for in clause 3.2.3, the item or items in dispute shall be determined by the Independent Expert. The Draft Closing Statement, adjusted to reflect the item or items as agreed between the Sellers, the Acquiring Party and the Purchaser in writing or as determined by the Independent Expert shall constitute the Closing Statement finally binding upon the Parties for the purposes of this Agreement. The Closing Net Working Capital Amount, the Closing Cash Amount and the Closing External Debt Amount as determined in the Closing Statement shall be utilized to determine the adjustment to the Purchase Price under Clause 3.2.8.

3.2.5. **Provision of information**

The Acquiring Party and Purchaser shall, and shall procure that the Companies and their accountants shall, provide the Sellers, the Sellers' accountants and the Independent Expert with all information and assistance they reasonably require for the purposes of this Clause 3.2. The Sellers shall, and shall procure that their accountants shall, provide the Acquiring Party and Purchaser, their accountants and the Independent Expert with all information and assistance they reasonably require for the purpose of this Clause 3.2.

3.2.6. **Appointment of the Independent Expert**

If and whenever any item in dispute relating to the Draft Closing Statement will be referred, in accordance with this Clause 3.2, to the Independent Expert, it shall be referred to PriceWaterhouseCoopers ("**PWC**"). If PWC does not accept that appointment, the dispute will be referred to such firm of auditors of international reputation as the Sellers and the Purchaser may agree in writing within five Business Days after PWC rejecting its

appointment. Failing such agreement, the dispute shall be referred to such auditor of international reputation as shall be appointed for this purpose on the request of the Sellers or the Purchaser by the President of the Netherlands Institute of Chartered Accountants (Nederlandse Beroepsorganisatie van Accountants (NBA)).

3.2.7. **Terms of reference of the Independent Expert**

The Independent Expert shall be instructed to act on the following basis:

a. The item or items in dispute shall be notified to the Independent Expert in writing, with a copy to the other Party, by the Sellers, the Acquiring Party, and/or the Purchaser within five Business Days following the Independent Expert's appointment.

b. The terms of reference of the Independent Expert shall be to determine, applying the provisions of this Agreement and the accounting principles provided in Clause 3.2.2, the item or items in dispute and therefore the calculation of the Closing Net Working Capital Amount, the Closing Cash Amount and Closing External Debt Amount and to render his decision within twenty Business Days following the notice given under paragraph (a) of this Clause 3.2.7 or such period as the Independent Expert may advise the Parties to be necessary;

c. The Independent Expert shall decide the procedure to be followed in the determination;

d. The Sellers, the Acquiring Party and/or the Purchaser shall each provide (and to the extent they are reasonably able shall procure that the Companies provide) the Independent Expert promptly with all information which he reasonably requires and the Independent Expert shall be entitled (to the extent it considers it appropriate) to base his opinion on such information and on the accounting and other records of the Companies; and

e. The costs of the determination, including fees and expenses of the Independent Expert, shall be borne on a 50/50%-basis by the Sellers and the Acquiring Party.

3.2.8. **Adjustment of the Purchase Price**

After determination by the Independent Expert of the item or items in dispute and the calculation of the Closing Net Working Capital Amount, Closing Cash Amount and the Closing External Debt Amount, the Purchase Price shall be adjusted as follows:

a. If the Closing Net Cash Amount is higher than the Estimated Closing Net Cash Amount, the Acquiring Party shall pay to the Sellers a sum equal to the difference between these two amounts.

b. If the Closing Net Cash Amount is less than the Estimated Closing Net Cash Amount, the Sellers shall pay to the Acquiring Party a sum equal to the difference between these two amounts.

c. If the Closing Net Working Capital Amount is higher than the Estimated Closing Net Working Capital Amount, the Acquiring Party shall pay to the Sellers a sum equal to the difference between these two amounts.

d. If the Closing Net Working Capital Amount is less than the Estimated Closing Net Working Capital Amount, the Sellers shall pay to the Acquiring Party a sum equal to the difference between these two amounts.

e. Any payment under this Clause 3.2.8, together with interest thereon calculated at a rate referred to in sections 6:119 juncto 6:120 paragraph 1 of the DCC per annum from the Closing Date (included) until the date of actual payment (excluded), shall be made within five Business Days after the final determination, pursuant to Clauses 3.2.1- 3.2.7, of the Closing Net Working Capital Amount, the Closing Cash Amount and the Closing External Debt Amount and shall be deemed to be a reduction or, as the case may be, increase of the Purchase Price.

3.3. The Contingent Purchase Price

3.3.1 For the purpose of this Clause 3.3, the following terms shall have the following meanings:

[*]

[*]

[*]

[*]

[*]

Change of Control in relation to any Company, (i) the sale or assignment of all or

	substantially all of the assets or business relating to **[*]**; (ii) any merger, reorganisation or consolidation involving any of the Companies in which the voting securities of the relevant Company outstanding immediately prior thereto cease to represent at least 50% of the combined voting power of the surviving entity immediately after such merger, reorganisation or consolidation; or (iii) one or more parties acting in concert acquiring, directly or indirectly, more than 50% of the voting equity securities or management control of the relevant Company.
[*]	
[*]	
Third Party Licensee	a third-party licensee of **[*]**.
U.S. FDA	the United States Food and Drug Administration and any successor agency thereto.

3.3.2 The Acquiring Party shall pay (or cause to be paid) the Contingent Purchase Price to the Sellers (in proportion to their shareholdings in the Company) as follows:

[*].

3.3.3 **[*].**

3.3.4 **[*].**

4. CONDITIONS PRECEDENT

4.1. Conditions precedent to the Purchaser's obligations

The obligations of the Acquiring Party and Purchaser to proceed with Closing shall be subject to the satisfaction or waiver by the Acquiring Party and Purchaser on or prior to the Closing Date of each of the following conditions:

a. the Sellers, the Companies and the Directors have timely and properly performed each of their obligations and covenants which were due to be performed no later than the Closing Date; and

b. no Authority has taken or announced any steps which will or are reasonably likely to impede the Transaction.

c. the Sellers have provided to the Acquiring Party and Purchaser, at the latest five Business Days prior to the Closing Date, the Pre-Closing Statement.

d. the Acquiring Party, Purchaser, the Sellers and the Escrow Agent have agreed upon the terms and conditions of the Escrow Agreement;

e. the Company having provided, after issuance of the press release referred to in Clause 13.2, written notice of the Transaction to **[*]** in accordance with the **[*]**;

f. the Sellers have confirmed to the Acquiring Party and Purchaser in writing that they have no awareness of any fact, circumstance or event that constitutes a breach, on the Closing Date, of any of the Sellers' Representations and Warranties that is not Disclosed.

g. the shares currently owned by the Company in its own capital have been cancelled.

h. no material adverse change in the Business, operations, position (financial or otherwise) or prospects of the Companies, or any event or circumstance that may reasonably likely result in such a material adverse change, has occurred in the period between the Signing Date and the Closing Date. For the avoidance of misunderstanding: any termination (or part thereof) of the **[*]** shall not constitute a material adverse change.

4.2. Conditions precedent to the Sellers' obligations

The obligations of the Sellers to proceed with Closing shall be subject to the satisfaction or waiver by the Sellers on or prior to the Closing Date of each of the following conditions:

a. the Acquiring Party, Purchaser, the Sellers and the Escrow Agent have agreed upon the terms and conditions of the Escrow Agreement;

b. the Purchaser has properly and timely performed each of its obligations and covenants which were due to be performed no later than the Closing Date; and

c. no Authority has taken or announced any steps which will or are reasonably likely to impede the Transaction.

4.3. Fulfilment of conditions precedent

The Parties will, from the date hereof to the Closing Date, each use their best efforts to cause the conditions precedent referred to in this Clause 4 to be satisfied.

5. PRE-CLOSING COVENANTS

5.1. Access and information

5.1.1. Until Closing, the Company shall permit the Purchaser and any person authorised by the Purchaser to have access, during regular business hours and upon reasonable advance notice, to all premises occupied by, and to the books and records of, each of the Companies and it shall furnish, or cause the Companies to furnish, to the Purchaser or those persons any information with respect to the Companies; provided that such access or information shall only be provided to the extent that the Purchaser or those persons may reasonably need such access or information in order to be adequately informed for the purpose of completing the Transaction. The Directors shall, and shall cause the Companies to, fully cooperate in connection with the foregoing activities.

5.1.2. The Directors shall coordinate any requests for information with respect to the Companies. The Purchaser or its representatives shall not without the prior consent of the Sellers contact any employee of any of the Companies for the purpose of obtaining any information with respect to the Companies.

5.2. Conduct of business

5.2.1. The Sellers, in their capacity as shareholders of the Company, the Company and the Directors shall, and shall ensure that the Subsidiary shall, take adequate measures until Closing to ensure that the Companies will continue to operate the Business in a normal and prudent manner consistent with past practice and preserve good relationships with customers and suppliers and good relationships with the Employees and the trade unions (if any) and furthermore continue to maintain the Real Property Rented and other goods

in use by any of the Companies in good working order and state of maintenance and repair.

5.2.2. The Sellers, in their capacity as shareholders of the Company, the Company and the Directors shall procure that until Closing none of the Companies will, without the prior written consent of the Purchaser, enter into any agreement or assume any obligation or liability relating to its assets, Business and/or financial position other than in the ordinary course of Business. Without prejudice to the generality of the foregoing, the Sellers and the Directors shall procure that between the Signing Date and the Closing Date, the Sellers, the Companies and/or the Directors shall not, without the prior written consent of the Acquiring Party and the Purchaser (such consent not to be unreasonably withheld):

(a) dispose of any of the Shares and/or any of the material assets of the Companies or pledge or otherwise encumber the Shares and/or any of the material assets of the Companies and/or issue, or enter into any obligation to issue, any shares in the share capital of the Companies; or

(b) declare, make or pay any dividend or other distributions with respect to Shares; or

(c) take any action to increase in any manner the compensation (including wages, salary and bonuses) of any Employee and/or alter the terms of employment of any Employee, other than as agreed with the Acquiring Party and the Purchaser with respect to the Directors; or

(d) hire any new employee or engage any new consultant within the Business; or

(e) enter into, amend or (agree to) terminate any Material Agreement (as defined in Schedule 6) or enter into any contract or commitment or do anything which is out of the ordinary and usual course of the Business.

5.3. No shareholders' resolutions

The Sellers, in their capacity as shareholders of the Company, shall procure that until Closing no shareholders' resolutions relating to any of the Companies will be adopted whether at or outside of any general meeting of shareholders without the prior written consent of the Purchaser, except for those resolutions which are required in order to prepare for or complete the Transaction.

5.4. Other covenants of the Company, the Sellers and the Directors

5.4.1. As soon as possible after the Signing Date the Parties shall agree upon the notification to be made by the Company to **[*]**, it being agreed that this notification shall not be made before issuance of the press release referred to in Clause 13.2 and shall also in all other respects be in conformity with any applicable Laws and stock exchange rules and regulations. From and after the Signing Date until the Closing Date, the Sellers, the Directors and the Company shall notify the Purchaser of any written or oral communication delivered to any of them by **[*]**.

5.4.2. The Sellers, the Company and the Directors agree that in the period up to Closing, they shall not, directly or indirectly: (a) enter into any agreements, understandings or negotiations with, or solicit, initiate or encourage any inquiries, proposals or offers from, any person other than the Acquiring Party and the Purchaser relating to (i) any acquisition or purchase of any assets of the Companies (other than sales of inventory or immaterial portions of assets in the ordinary course) or the Shares or (ii) any merger, consolidation or business combination involving the Companies; or (b) with respect to any effort or attempt by any other person to do or to seek any of the types of transactions referred to in (a) above, (i) participate in any discussions or negotiations; (ii) furnish to any other person any data or information with respect to Sellers, the Companies or the Business or (iii) otherwise cooperate in any way with, assist or participate in or facilitate or encourage any such effort.

5.4.3. The Sellers, the Company and the Directors shall, as soon as reasonably possible after becoming aware of any matter, fact or circumstance which causes or is reasonably likely to cause a breach of any Sellers' obligations under this Agreement (including a breach of the Sellers' Representations and Warranties), inform the Purchaser of such matter, fact or circumstance.

6. CLOSING

6.1. Place of Closing

Subject to the satisfaction (or waiver by the Purchaser) of each of the conditions precedent included in Clause 4.1, Closing shall take place on the Closing Date at the offices of the Civil Law Notary at the Zuid-Hollandplein 22, 2596 AW The Hague, the Netherlands, and/or such other place as the Parties shall agree upon.

6.2. Execution of the Employment Agreements

On the Closing Date, the Company on the one hand and each of the Directors on the other hand shall execute the Employment Agreements.

6.3. Transfer of the Shares

At Closing the Sellers shall transfer the Shares to the Acquiring Party through the execution of the Deed of Transfer before the Civil Law Notary, as provided in Clause 2.2.

6.4. Escrow

Prior to or on the Closing Date, the Parties shall open the Escrow Account with the Escrow Agent and shall execute (and shall cause the Escrow Agent to execute) the Escrow Agreement. The Escrow Agent shall operate the Escrow Account in accordance with the provisions of the Escrow Agreement.

6.5. Payment of Initial Purchase Price – Cash

6.5.1 The Acquiring Party shall pay the Initial Purchase Price (other than the Upfront Aduro Shares) as follows:

(a) the Acquiring Party shall transfer **[*]** of the Upfront Cash Amount no later than 11.00 am CET on the Closing Date to the Escrow Account;

(b) the Acquiring Party shall transfer **[*]** of the Upfront Cash Amount no later than 11.00 am CET on the Closing Date to the Notary Account; and

(c) the Acquiring Party shall transfer one hundred percent (100%) of the Estimated Closing Net Cash Amount no later than 11.00 am CET on the Closing Date to the Notary Account; and

(d) the Acquiring Party shall transfer one hundred percent (100%) of the Estimated Closing Net Working Capital Amount minus the Reference Net Working Capital Amount no later than 11.00 am CET on the Closing Date to the Notary Account,

provided, for the avoidance of doubt, that if (i) the Estimated Closing Net Cash Amount or (ii) the Estimated Closing Net Working Capital Amount minus the Reference Net Working Capital Amount is a negative number, the absolute value of such amount shall be deducted from the Upfront Cash Amount.

6.5.2 The Escrow Agent shall hold the monies referred to in Clause 6.5.1(a) in escrow for the Acquiring Party and the Purchaser until exection of the Deed

of Transfer. Thereafter the Escrow Agent shall hold such monies in escrow for the Acquiring Party and the Sellers in accordance with the terms and conditions of the Escrow Agreement.

6.5.3 The Civil Law Notary shall hold the monies referred to in Clauses 6.5.1 (b), (c) and (d) in escrow for the Acquiring Party until exection of the Deed of Transfer. The Parties shall instruct the Civil Law Notary to, immediately after the Deed of Transfer shall have been executed on the Closing Date, release these amounts to the Sellers, proportionate to their shareholdings in the Company, by transferring the funds, on the Closing Date or the next Business Day, to such bank accounts as shall be notified to the Civil Law Notary in writing before the Closing Date (following which transfer the Acquiring Party and the Purchaser shall be discharged of the obligation to pay such part of the Purchase Price).

6.6. Payment of Initial Purchase Price – Upfront Aduro Shares

On the Closing Date, the Purchaser and each Seller shall enter into a US law governed stock issuance agreement substantially in the form attached hereto as Schedule 3 (the "**Stock Issue Agreement**") pursuant to which the Purchaser shall deliver, subject to the terms and conditions as laid down in such Stock Issue Agreement), the Upfront Aduro Shares to the Sellers on behalf of the Acquiring Party in proportion to their respective shareholdings in the Company.

6.7. Other Closing actions

On the Closing Date, immediately after the Deed of Transfer shall have been executed:

(a) the Acquiring Party and/or Purchaser shall pass a resolution of the general meeting of shareholders of the Company resolving to:

(i) amend the Articles, pursuant to a notarial deed of amendment of the Articles (the "**Deed of Amendment"**), in order to (*inter alia*), provide for managing directors A and B, designate both the Directors as a managing director B and introduce a two-signature system whereby a managing director B can only represent the Company acting together with a managing director A; and

(ii) appoint three individuals as determined by the Purchaser in its sole discretion as the new managing directors A of the Company and appoint Mr. Andrea van Elsas and Mr. Hans van Eenennaam as managing directors B of the Company.

(b) the Civil Law Notary shall amend, pursuant to the Deed of Amendment, the Articles; and

(c) the management board of the Company shall grant to each Director a power of attorney in the Agreed Form authorising them to individually carry out and perform the day-to-day management of the Company, subject to the restrictions laid down in such power of attorney.

6.8. Consequences of default

6.8.1. If a Seller, the Acquiring Party or the Purchaser breaches any obligation under this Clause 6 (such Party a "**Defaulting Party**"), and such breach results in Closing not occurring in full compliance with this Clause 6, then, in addition and without prejudice to any other rights and remedies available to them, the non-Defaulting Party shall be entitled to: (a) defer Closing to a date not more than 14 Business Days after the Closing Date in which event the provisions of this Agreement shall apply as if that later date were the original Closing Date; or (b) proceed with Closing so far as practicable.

6.8.2. If Closing is deferred in accordance with Clause 6.9.1 and the Defaulting Party is still in default on the new Closing Date, then the non-Defaulting Party may rescind this Agreement, in which case all actions already taken shall be deemed not to have been taken and shall remain without effect or, as may be appropriate, shall be reversed, unless the Parties agree otherwise. The Parties shall provide their full co-operation to the reversal of any actions hereunder should such reversal be required.

6.9. Acknowledgement Civil Law Notary

The Parties acknowledge and agree that:

(a) the Civil Law Notary is a notary of Bird & Bird LLP;

(b) with reference to the Rules of Professional Conduct (*Verordening beroeps- en gedragsregels*) of the Royal Dutch Organisation of Civil Law Notaries (*Koninklijke Notariële Beroepsorganisatie*), (i) the Acquiring Party's and the Purchaser's lawyers act as counsel to the Acquiring Party and the Purchaser in connection with, or act as counsel for or on behalf of the Acquiring Party and the Purchaser in the event of any dispute relating to, this Agreement or any related agreement, and that (ii) the Civil Law Notary shall execute the deeds (including the Deed of Transfer) connected with this Agreement or any related agreement; and

(c) they have engaged the Notary to effect the payment in accordance with Clause 6.5. As an irrevocable third party stipulation (*derdenbeding*) in favour of the Civil Law Notary, the Parties declare that the Civil Law Notary shall have no obligation to investigate any circumstances which could affect the validity of the sale and purchase or transfer of the Shares or any part thereof.

7. POST CLOSING COVENANTS

7.1. Sale of the Shares by the Acquiring Party and the Purchaser

The Acquiring Party and the Purchaser undertake that they shall not, within one year from the Closing Date, sell the Shares to any third party without the Sellers' prior written consent.

7.2. Restructuring of BFF

7.2.1 Following Closing BFF may decide to restructure itself in such a way that it will be split into three separate Dutch private companies with limited liability (*besloten vennootschappen met beperkte aansprakelijkheid*) (the "**Restructuring**"). Following the Restructuring, each current shareholder of BFF, being Mr. W.Olijve (or a vehicle controlled by him), IREYA B.V. (or another vehicle controlled by Mr. Andrea van Elsas) and #EEN B.V. (or another vehicle controlled by Mr. Hans van Eenennaam), will be the sole shareholder of one of the companies resulting from the Restructuring (such companies hereafter the "**Split Off Companies**" and each a "**Split Off Company**") and BFF will cease to exist. The Restructuring will be carried out in such a way that any and all obligations of BFF under this Agreement and the Schedules and Annexes hereto will be assumed by the Split Off Companies. The Acquiring Party and the Purchaser hereby acknowledge and agree with the entitlement of BFF to carry out the Restructuring, provided BFF keeps the Acquiring Party and Purchaser informed of the Restructuring.

7.2.2 For the sake of clarity: the Acquiring Party and the Purchaser shall have no obligations and liabilities whatsoever in relation to the Restructuring (except any obligations towards the Split Off Companies under this Agreement), and the Split Off Companies shall severally but not jointly indemnify the Acquiring Party and/or the Purchaser from and against any all obligations and liabilities the Acquiring Party and the Purchaser may suffer, sustain or become subject to, in respect of, arising out of or resulting from the Restructuring.

7.3. Continuing Operations

The Acquiring Party and the Purchaser agree to continue the operations of the Companies at Pivot Park in Oss, the Netherlands and to fund the Companies' operations for not less than 3 years as from the Closing Date.

8. REPRESENTATIONS AND WARRANTIES

8.1. Representations and Warranties of the Sellers

Each of the Sellers hereby represents and warrants, separately and not jointly, to the Acquiring Party and the Purchaser that each of the Sellers' Representations and Warranties set out in Schedule 6 is true and accurate at the date of this Agreement and shall be true and accurate at the Closing Date, save as Disclosed in this Agreement or in the Disclosure Letter (Schedule 7), or in the Data Room DVD.

8.2. Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to each of the Sellers that each of the Purchaser's Representations and Warranties set out in Schedule 8 is true and accurate at the date of this Agreement and shall be true and accurate at the Closing Date. The Purchaser shall not be liable for any breach of the Purchaser's Representations and Warranties upon expiry of the statutory limitation period.

8.3. No awareness of the Purchaser or the Sellers

(a) The Purchaser hereby confirms to the Sellers that upon signing of this Agreement the Purchaser has no awareness of any fact, circumstance or event that constitutes a breach of any of the Sellers' Representations and Warranties that is not Disclosed.

(b) The Sellers and the Directors hereby confirm to the Acquiring Party and the Purchaser that upon signing of this Agreement, they have no awareness of any fact, circumstance or event that constitutes a breach of any of the Sellers' Representations and Warranties that is not Disclosed.

8.4. Change of law

There shall be no breach of any of the Sellers' Representations and Warranties or Purchaser's Representations and Warranties if there had been no breach but for (i) any change in applicable legislation coming into effect after the date of this Agreement, whether or not such change purports to have retroactive effect, or (ii) a new interpretation of existing law by a court

of law or Authority in a judgment or decision published after the date of this Agreement.

9. COMPENSATION

9.1. General principle

9.1.1 In the event of a breach of any of the Sellers' Representations and Warranties the Purchaser shall submit to the Sellers a Claim for Compensation. In that event the Sellers shall, subject to any restrictions set out in this Agreement, pay to the Acquiring Party or the Purchaser by way of correction of the Purchase Price and without any deductions or set-off, all damages, losses, liabilities, costs (including – for the avoidance of doubt – reasonable legal costs and reasonable experts' and consultants' fees), charges, expenses, claims and demands assessed in accordance with sections 6:95 et seq. of the DCC (collectively, "**Losses**"). The Purchase Price shall not become negative as a result of such correction.

9.1.2 In the event that a Claim for Compensation of the Acquiring Party or the Purchaser will be disputed by any of the Sellers, the Sellers will only be under the obligation to compensate the Acquiring Party or the Purchaser for any amount (i) granted to the Acquiring Party or the Purchaser in a final and binding arbitral award rendered pursuant to Clause 14.11.2 or (ii) recognised as being due by the Sellers in a binding and written settlement agreement (*vaststellingsovereenkomst*) with the Acquiring Party or the Purchaser.

9.1.3 The amount of any Claim shall be reduced by any amount by which (i) the value of any reserve or similar asset included in the Closing Statement (or not included in the Closing Statement because it had been written off) appears to be in excess of the relevant amount in the Closing Statement (or that would have been included in the Closing Statement had it not been written off) and (ii) any contingent liability included in the Closing Statement to be less than the relevant amount in the Closing Statement.

9.1.4 The Purchaser shall not be entitled to set off any claim it may allege against any of the Sellers against any of its payment obligations (whether in cash or in stock) vis-à-vis the Sellers under this Agreement.

9.2. Information with respect to Claim

Where the Acquiring Party or the Purchaser considers making a Claim for Compensation it or they shall, as soon as possible after discovery of the circumstances giving rise to such Claim, notify the Sellers giving full particulars of the facts that give rise to such Claim and specifying the best

estimate of the likely amount of the Claim. Such a notification given within such period shall be considered a notification within the meaning of Article 7:23(1) of the Civil Code. The liability of the Sellers in relation to any Claim under this Agreement shall terminate (if such Claim has not previously been satisfied, settled or withdrawn) unless arbitral proceedings under Clause 14.11.2 have been commenced in respect of such Claim by the Purchaser within six months after notifying such Claim to the Sellers in accordance with this Clause 9.2.

9.3. Defence against Third Party Claims

9.3.1 Where a Claim of the Acquiring Party or the Purchaser for Compensation is based upon or relates to a Third Party Claim, the Parties shall notify each other of such Third Party Claim as soon as reasonably possible after having become aware thereof. As soon as possible following the date of that notification the Parties shall consult each other on the course of action to be taken. No Party shall make an admission in relation to such Third Party Claim and the Third Party Claim shall not be compromised, disposed of or settled without first consulting with and receiving the prior written consent of the other Part(y)(ies), unless circumstances reasonably require immediate action from the Acquiring Party or the Purchaser or the Companies and the Acquiring Party or the Purchaser is not reasonably able to timely consult with the Sellers, in which case the Acquiring Party or the Purchaser shall immediately (if reasonably possible by email prior to any action, and otherwise as soon as reasonably practicable thereafter) inform the Sellers of any such situation, setting out in reasonable detail the actions to be taken in relation to such Third Party Claim.

9.3.2 The Parties will cooperate with each other in dealing with any Third Party Claim and will allow each other access to all books and records which might be useful for such purpose, during normal business hours and at the place where the same are normally kept, with full right to make copies thereof or take extracts therefrom. Such books and records shall be subject to a duty of confidentiality except for disclosure necessary for resolving such Third Party Claim or otherwise required by applicable Law or stock exchange rules.

9.3.3 The Parties shall keep each other fully informed as to the progress of any Third Party Claim and the defence thereof and shall provide each other with copies of all correspondence and court documents relating to such claim within fifteen Business Days upon receipt thereof.

9.4. Effect of Tax, provisions and insurance

In determining the amount of any Compensation or whether the franchise referred to in Clause 10.2.2 has been reached, the following factors shall be taken into account:

a. (i) any Tax refund received by any of the Companies and (ii) any reduction in Tax due by any of the Companies, to the extent that such refund or reduction is attributable to the facts giving rise to the Claim; and/or

b. the amount of any provision, which is attributable to the facts giving rise to the Claim, in the Closing Statement; and/or

c. any amount received by any of the Companies under an insurance policy or from a third party, to the extent that such amount is attributable to the facts giving rise to the Claim.

10. LIMITATIONS TO COMPENSATION

10.1. Limitations in time

10.1.1 The Sellers shall not be liable for any Compensation for breach of:

a. any of the Sellers' Representations and Warranties set out in sections 3 and 4 of Schedule 6 relating to the incorporation, capacity and authority, the Companies, the Shares and the Subsidiary Shares, upon expiry of the statutory limitation period;

b. any of the Sellers' Representations and Warranties set out in section 15 of Schedule 6 or any other Tax matter under the Sellers' Representations and Warranties, upon expiry of six (6) months from the last date on which a final assessment can be issued against any of the Companies for the relevant Tax; and

c. all other Sellers' Representations and Warranties and obligations under this Agreement, upon expiry of **[*]** from the Closing Date.

10.1.2 If prior to the relevant date arbitral proceedings with respect to a Claim will have been commenced by the Acquiring Party or the Purchaser pursuant to Clause 14.11, the liability of the Sellers for that particular Claim only will not cease.

10.1.3 The time limitations in this Clause 10.1 do not apply in relation to Claims arising from fraud and/or deliberate misleading statements by the Sellers.

10.2. Limitations as to amount

10.2.1. Maximum Compensation

10.2.1.1Except for:

(a) a Claim for breach of any of the Sellers' Representations and Warranties set out in sections 3 and 4 and/or 15 of Schedule 6 relating to the incorporation, capacity and authority, the Companies, the Shares, the Subsidiary Shares and/or Tax and/or

(b) a Claim arising from fraud and/or deliberate misleading statements by the Sellers,

(i) the Sellers shall not be liable for breach of any of their obligations under this Agreement insofar as the aggregate Compensation due exceeds 12.5% of the Upfront Cash Amount, and (ii) the Acquiring Party's or the Purchaser's sole and exclusive remedy to satisfy any Claim shall be to claim payment from the escrow account in accordance with the Escrow Agreement.

10.2.1.2.The Sellers' maximum liability for any and all Claims under this Agreement – including but not limited to Claims referred to in Clause 10.2.1.1(a) and (b) – shall be limited to an amount equal to the Upfront Cash Amount.

10.2.2. Collective franchise

Except for Claims arising from fraud and/or deliberate misleading statements by the Sellers, the Sellers shall not be liable for breach of any of their obligations under this Agreement unless and only to the extent that the aggregate amount of Compensation due for breaches for which the Sellers are liable exceeds **[*]** in which case the full amount can be claimed.

10.2.3. Individual threshold

Except for Claims arising from fraud and/or deliberate misleading statements by the Sellers, the Sellers shall not be liable for breach of any of their obligations under this Agreement unless the amount involved in any breach individually exceeds **[*]**.

11. INDEMNITIES

11.1 From and after the Closing Date, the Sellers shall indemnify, defend and hold harmless the Acquiring Party, the Purchaser and the Companies in euros in cash from and against any all Losses they may suffer, sustain or

become subject to, in each case through and after the date of a Claim for indemnification, in respect of, arising out of or resulting from:

(a) any and all Taxes of or imposed on any of the Companies (i) for any and all Tax years or Tax periods ending on or before the Closing Date and (ii) for any taxable year or period that includes but does not end on the Closing Date to the extent such Taxes relate to that part of such year or period on or prior to the Closing Date, it being understood that the Sellers' indemnification obligations under this paragraph 11.1(a) do not extend to the contingent liabilities referred to in the Disclosure Letter under paragraph (d); and

(b) any and all liabilities of any of the Companies for any and all pension contributions relating to periods prior to or ending on the Closing Date.

11.2 The limitations included in Clause 10, shall not apply to any Claim under this Clause 11 (each such Claim an "**Indemnity Claim**"), provided that the Sellers' liability for any and all Claims, including Indemnity Claims shall be limited to an amount equal to the Upfront Cash Amount.

11.3 Any Indemnity Claims are subject to a limitation period of **[*]** following the Closing Date, provided that any Indemnity Claim with respect to Taxes shall terminate 6 months after the expiry of the statutory limitation period for the assessment of liability with respect to relevant Taxes.

11.4 In the event that the Acquiring Party or the Purchaser for the same matter is entitled to both claim under the Sellers' Representations and Warranties and under Clause 11, nothing in this Agreement limits the Acquiring Party or the Purchaser in such choice. Neither the Acquiring Party nor the Purchaser is entitled to recover more than once from any Seller in respect of any one matter giving rise to an obligation of the Sellers to provide indemnification to the Acquiring Party or the Purchaser hereunder.

11.5 For the avoidance of doubt any indemnification obligation of the Sellers shall, unless the Acquiring Party or the Purchaser otherwise elects, be satisfied only by payment of euros in cash and not by redelivery of shares of Purchaser's common stock to the Acquiring Party or the Purchaser, as Sellers may be directed at such time.

12. [*]

12.1. [*]

12.1.1 BFF and the Directors hereby undertake and agree with the Purchaser and the Companies that **[*].**

12.1.2 In addition, the Sellers and the Directors hereby undertake and agree with the Acquiring Party, the Purchaser and the Companies that **[*].**

12.1.3 Each of the covenants contained in this Clause 12 shall be deemed to constitute a separate covenant and shall be construed independently of the others.

12.1.4 Each of the Parties hereby agrees that **[*].**

12.1.5 In the event that an Employment Agreement **[*].**

13. CONFIDENTIALITY AND PRESS RELEASE

13.1. Confidentiality

Each Party undertakes that it will not at any time disclose or use, potentially causing any detrimental effect to any of the other Parties, any confidential information concerning this Agreement or any agreement resulting therefrom or relating thereto, or concerning the business and affairs of any of the other Parties, except:

a. to the extent required by applicable Law or stock exchange rules or by any Authority but in that case only after consultation with the other Party (or the other Parties, as the case may be) about the timing and content of such disclosure;

b. to its professional advisers subject to a duty of confidentiality and only to the extent necessary for any lawful purpose;

c. to the extent that at the date hereof or hereafter such information is public knowledge other than through unlawful disclosure of which that Party at the time of disclosure was or could reasonably have been aware that it was unlawful; and

d. in relation to SOFB, pursuant to any contractual obligations vis-à-vis its (in)direct shareholders.

13.2. Announcement

Upon signing this Agreement, the Parties shall issue a joint press release in the form of Schedule 9.

14. TERMINATION PRIOR TO CLOSING

14.1. Termination

Prior to Closing this Agreement may only be terminated and the Transaction may be abandoned

a. by the Sellers, the Acquiring Party or the Purchaser in any of the following events:

i. No Closing
Closing is not completed on or before 31 December 2015, other than as a result of a breach of this Agreement by the terminating Party;

ii. Intervention by an Authority
An Authority has decided that no Permit under merger control Laws or regulations will be granted without further investigation; or

iii. Unacceptable conditions
An Authority has made or has indicated that it intends to make the granting of any Permit subject to a condition which is unacceptable to the terminating Party.

b. by the Sellers in any of the following events:

i. Insolvency
The Purchaser or the Acquiring Party applies for an order or an order is made declaring either of them bankrupt, or granting either of them a moratorium, or a liquidator is appointed for the Purchaser or the Acquiring Party or any similar event occurs with respect to either the Purchaser or the Acquiring Party or any substantial part of either of their assets in any jurisdiction other than the Netherlands;

ii. Readjustment of debts
The Purchaser or the Acquiring Party becomes involved in negotiations with any one or more of its respective creditors or takes any other step with a view to the readjustment or rescheduling of all or part of its respective debts; or

iii. Attachment
A creditor of either the Purchaser or the Acquiring Party

levies execution against, forecloses on, or takes possession of, all or any part of such Party's respective assets.

iv. Non-fulfilment of CPs
If on the Closing Date any of the conditions precedent included in Clause 4.2 is not waived by the Sellers in writing or fulfilled, pursuant to Clause 4.3.

c. by the Purchaser in any of the following events:

i. Insolvency
Any of the Companies applies for an order or an order is made declaring it bankrupt, or granting any of the Companies a moratorium, or a liquidator is appointed for any of the Companies or any similar event occurs with respect to any of the Companies or any substantial part of its assets in any other jurisdiction than the Netherlands;

ii. Readjustment of debts
Any of the Companies becomes involved in negotiations with any one or more of its creditors or takes any other step with a view to the readjustment or rescheduling of all or part of its debts;

iii. Attachment
A creditor of any of the Companies levies execution against, forecloses on, or takes possession of, all or any part of any of the Companies' assets; or

iv. Non-fulfilment of CPs
If on the Closing Date any of the conditions precedent included in Clause 4.1 is not waived by the Purchaser in writing or fulfilled, pursuant to Clause 4.3.

14.2. Effect of Termination

In the event that this Agreement is terminated pursuant to the provisions of this Clause 14, this Agreement shall have no further effect with the exception of Clauses 13.1 (Confidentiality), this Clause 14 and Clauses 15.9 (Separate, not joint liability of the Sellers), 15.12 (Governing law) and 15.13 (Disputes), which Clauses shall survive any termination of this Agreement indefinitely.

The foregoing shall apply:

a. in the event of termination pursuant to Clause 14.1(a)(i), without prejudice to the liability of the Acquiring Party, the Purchaser or the Sellers, as the case may be, for damages and/or costs incurred by any of them, as the case may be, as a result of the liable Party failing to fulfil any of its obligations under this Agreement;

b. in either of the events of termination pursuant to Clause 14.1(a)(ii) and (iii), without any liability on the part of any Party;

c. in the event of termination pursuant to Clause 14.1(b), without prejudice to any liability of the Acquiring Party or the Purchaser for any damages and/or costs incurred by the Sellers as a result of this Agreement being terminated; and

d. in the event of termination pursuant to Clause 14.1(c), without prejudice to any liability of the Sellers for any damages and/or costs incurred by the Acquiring Party and the Purchaser as a result of this Agreement being terminated.

15. MISCELLANEOUS

15.1. Invalid provisions

In the event that a provision of this Agreement is null and void or unenforceable (either in whole or in part), the remainder of this Agreement shall continue to be effective to the extent that, given this Agreement´s substance and purpose, such remainder is not inextricably related to the null and void or unenforceable provision. The Parties shall make every effort to reach agreement on a new clause which differs as little as possible from the null and void or unenforceable provision, taking into account the substance and purpose of this Agreement.

15.2. Further action

If at any time after Closing any further action is necessary or desirable in order to implement this Agreement, each Party shall at its own cost execute and deliver any further documents and take all such necessary action as may reasonably be requested from each of it.

15.3. Amendment

No amendment to this Agreement shall have any force or effect unless it is in writing and signed by the Parties.

15.4. Costs

Except as provided otherwise in this Agreement, each Party shall bear its own costs in connection with the preparation, negotiation and signing of this Agreement.

15.5. No implied waiver; no forfeit of rights

a. Any waiver under this Agreement must be given by notice to that effect.

b. Where a Party does not exercise any right under this Agreement (which shall include the granting by a Party to any other Party of an extension of time in which to perform its obligations under any provision hereof), this shall not be deemed to constitute a forfeit of any such rights (*rechtsverwerking*).

15.6. No rescission or nullification; non-conformity

15.6.1. Without prejudice to Clause 14 and to the extent permitted by Law, the Parties hereby waive their rights under Articles 6:265 to 6:272 inclusive and 6:228, respectively, of the Civil Code to rescind (*ontbinden*) or nullify (*vernietigen*) on the ground of error (*dwaling*), or demand in legal proceedings the rescission (*ontbinding*) or nullification (*vernietiging*) of, this Agreement.

15.6.2. The Parties hereby waive their rights, if any, to invoke Article 7:17 of the Civil Code with respect to this Agreement.

15.7. Notice

15.7.1. Any notice or other communication under or in connection with this Agreement shall be in writing and delivered by hand or sent by facsimile, by courier, or by registered mail and shall be effective, in the absence of earlier receipt:

a. if sent by facsimile, two (2) business hours after receipt. Receipt shall be deemed to have occurred when transmission of such facsimile communication has been completed and a positive transmission report has been produced by the transmitting machine. For the purposes of this provision, “business hour” shall mean any time between 09.00 and 18.00 hours on a Business Day in the country of the addressee.

b. if sent by courier service, three (3) days after dispatch,

c. if sent by registered mail, three (3) days after dispatch.

15.7.2. Notices under this Agreement shall be sent to the addresses of the Parties as specified below:

Spin-Off Fonds Brabant B.V.

Address Goirleseweg 15, 5026 PB Tilburg
Attn M.A.G.J. Jansen
With copy to BOM Capital Legal Counsel
Address Goirleseweg 15, 5026 PB Tilburg
Attn P. van der Zanden

Brabant Life Sciences Seed Fonds B.V.
Address Onderwijsboulevard 225, 5223 DE ‘s-Hertogenbosch
Attn J. van der Hoeven

BFF B.V.
Address Ruusbroecgaarde 139, 5343 JL, Oss
Attn A. van Elsas

Aduro Biotech, Inc. and Aduro International (Bermuda) Ltd.
Address 626 Bancroft Way, #3C
Berkeley, CA 94710-2224, USA
Attn CEO

BioNovion Holding B.V.
Address Pivot Park, Molenstraat 79, RX 1201, 5349 AC Oss, the Netherlands
Attn Management Board

or at such other address as the Party to be given notice may have notified to the other Parties from time to time in accordance with this Clause for that purpose.

15.7.3. The provisions of this Clause shall not apply in relation to the service of documents for the purpose of litigation.

15.8. Assignment or encumbrance

No Party may assign this Agreement (*contractsoverneming*) or assign or encumber any of its rights thereunder without the prior written consent of the other Parties, which shall not unreasonably be withheld. In deviation of the foregoing:

a. BFF is entitled to carry out the Restructuring as provided in Clause 7.2. If BFF decides to carry out the Restructuring, the Purchaser hereby agrees to the assignment of this Agreement (*contractsoverneming*) in three equal parts to the Split Off Companies, as a result of which assignment each of the Split Off Companies will become entitled to one third of the rights and will assume one third of the obligations and liabilities BFF had under this Agreement; and

b. BLSF, being an investment fund which in the future will be liquidated in accordance with its corporate and contractual documentation, will have the right to assign its rights and obligations under this Agreement (*contractsoverneming*) in pro rata parts to its (in)direct shareholders at the time of its liquidation. If BLSF decides to assign its rights and obligations under this Agreement in pro rata parts to its (in)direct shareholders at liquidation, the Purchaser hereby agrees to such assignment (*contractsoverneming*), as a result of which each of the respective (in)direct shareholders of BLSF will become entitled to a pro rata part of the rights and will assume a pro rata part of the obligations and liabilities which BLSF had under this Agreement; and

c. SOFB will have the right to assign its rights and obligations under this Agreement (*contractsoverneming*) at any time to another company of which all shares are (in)directly held by the Province of Noord-Brabant. If SOFB decides to assign its rights and obligations under this Agreement in accordance with the foregoing sentence, the Purchaser hereby agrees to such assignment (*contractsoverneming*), as a result of which the respective company will become entitled to the rights and will assume the obligations and liabilities which SOFB had under this Agreement,

provided that any permitted assignment under this Clause 15.8 by either BLSF or SOFB shall be to one legal entity and such legal entity shall not be allowed to further assign or encumber any of the rights under this Agreement without the prior written consent of the Purchaser.

15.9. Separate, not joint liability of the Sellers

Each of the Sellers shall be separately, in proportion to the percentage of the Purchase Price to which it is entitled, liable and the Sellers shall not be jointly and severally (*hoofdelijk*) liable for any Claim of the Acquiring Party or the Purchaser under this Agreement. If the Restructuring is carried out the provision of the previous sentence will apply *mutatis mutandis* to the Split Off Companies.

15.10. Joint and several liability of the Purchaser and the Acquiring Party

The Purchaser shall be jointly and severally liable (*hoofdelijk aansprakelijk*) for all the Acquiring Party's obligations in relation to any and all payments to the Sellers in accordance with this Agreement.

15.11. Third-party rights

Save as expressly otherwise stated, this Agreement does not contain any stipulation in favour of a third party (*derdenbeding*). In the event that any stipulation in favour of a third party (*derdenbeding*) contained in this Agreement is accepted by any third party, such third party will not become a party to this Agreement.

15.12. Counterparts

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. The Parties may enter into this Agreement by signing any such counterpart.

15.13. Choice of Law

This Agreement shall be exclusively governed by and construed in accordance with the laws of the Netherlands, without regard to any conflict of law rules under Dutch private international law.

15.14. Disputes

15.14.1. The Parties agree to pursue the settlement of any dispute in connection with this Agreement or any Agreement resulting therefrom through mediation in accordance with the Mediation rules of the Netherlands Arbitration Institute (*Nederlands Arbitrage Instituut*) as in force on the date the mediation is commenced.

15.14.2. In the event that the dispute cannot be settled through mediation, this dispute shall be finally settled in accordance with the Arbitration Rules of the Netherlands Arbitration Institute (*Nederlands Arbitrage Instituut)* as in force on the date the arbitration is commenced.

a. The arbitral proceedings shall be conducted in English.

b. The place of arbitration shall be Amsterdam.

c. The arbitral tribunal shall comprise three arbitrator(s).

d. The arbitral tribunal shall decide in accordance with the rules of law.

e. The Parties shall not be precluded from applying for injunctive relief in summary proceedings (*kort geding*) before any competent court instead of arbitrators.

15.15. Entire Agreement

This Agreement, including the Schedules and Annexes hereto, constitutes the entire agreement between the Sellers and the Purchaser relating to the subject matter hereof and supersedes any previous written or oral agreement between the Sellers and the Purchaser in relation to the matters dealt with herein.

[*signature page follows*]

This Agreement has been signed in four identical copies on 24 September 2015.

For and on behalf of
Spin-Off Fonds Brabant B.V.
/s/ M.C. J.J. Dragstra
By: M.C. J.J. Dragstra
Title: Managing Director

For and on behalf of
Brabant Life Sciences Seed Fonds B.V.
/s/ M.M.A.M. Janssen
By: M.M.A.M. Janssen
Title: Managing Director

/s/ M.A.G.J. Jansen
By: M.A.G.J. Jansen
Title: Manager

For and on behalf of
BFF B.V.
/s/ Andrea van Elsas
By: A. van Elsas
Title: Director

/s/ Wiebe Olijve
By: W. Olijve
Title: Director

For and on behalf of
Aduro Biotech, Inc.
/s/ Stephen T. Isaacs
By: Stephen T. Isaacs
Title: CEO

For and on behalf of
Aduro Netherlands Coöperatief U.A.
On its behalf, Aduro Biotech, Inc.

/s/ Gregory W. Schafer
By: Gregory W. Schafer
Title: Chief Operating Officer

For and on behalf of
BioNovion Holding B.V.
/s/ Andrea van Elsas
By: A. van Elsas
Title: CSO & Director

For and on behalf of
BioNovion Holding B.V.
/s/ Hans van Eenennaam
By: H. v. Eenennaam
Title: COO, Director

For acknowledgement and acceptance of their obligations under Clauses 5.1, 5.2, 5.4, 6.2, **[*]**:

Mr Andrea van Elsas
/s/ Andrea van Elsas

Mr Hans van Eenennaam
/s/ Hans van Eenennaam

Schedules:

1. Data Room DVD*
2. [Reserved]
3. Stock Issue Agreement*
4. [Reserved]
5. Format of (Pre-)Closing Statement*
6. Sellers' Representations and Warranties*

    Annexes to Schedule 6

    3.5Articles
    3.6Extracts Companies Trade Register*
    4.1Shareholders' registers*
    7.1Real Property Rented*
    9.1Insurance Policies*
    10.2.(a)Registered IP Rights*
    10.2.(b)List of written invention disclosures*
    10.4Contractual obligations limiting use*
    10.7Licensed Rights*
    11.1Employees*
    11.5Pension Arrangements*
7. Disclosure Letter*
8. Purchaser's Representations and Warranties*
9. Joint press release*
10. Functions and positions with third parties (Directors, Mr. Wiebe Olijve) *

*** The schedules and exhibits to the Share Sale Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of the omitted schedules and exhibits will be furnished supplementally to the Securities and Exchange Commission upon request.**

[*] = 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 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

Exhibit 10.1

OFFICE/LABORATORY LEASE BETWEEN SEVENTH STREET PROPERTIES VII, LLC (LANDLORD) AND ADURO BIOTECH, INC. (TENANT)

740 Heinz Avenue Berkeley, California

[ ] = CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, IS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

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OFFICE/LABORATORY LEASE

ARTICLE 1

BASIC LEASE PROVISIONS

1.1 BASIC LEASE PROVISIONS

In the event of any conflict between these Basic Lease Provisions and any other Lease provision, such other Lease provision shall control.

(1) BUILDING AND ADDRESS:

740 Heinz Avenue
Berkeley, California 94710

(2) LANDLORD AND ADDRESS:

Seventh Street Properties VII, LLC
1120 Nye Street, Suite 400
San Rafael, California 94901

Notices to Landlord shall be addressed:

Seventh Street Properties VII, LLC c/o
Wareham Property Group
1120 Nye Street, Suite 400 San
Rafael, California 94901

With a copy to:

Shartsis Friese LLP
One Maritime Plaza, 18th Floor San
Francisco, California 94901 Attention:
David H. Kremer, Esq.

(3) TENANT AND CURRENT ADDRESS:

(a)Name: Aduro Biotech, Inc.

(b)State of Delaware: Corporation

(c)Federal Tax Identification Number: 94-3348934

Tenant shall promptly notify Landlord of any change in the foregoing items.

Notices to Tenant shall be addressed:

Prior to the Commencement Date:

626 Bancroft Way, #3C Berkeley, California 94710-2224 Attention: President

On and after the Commencement Date:

At the Premises Attention: President

(4) DATE OF THIS LEASE: September 11, 2015

(5) LEASE TERM: Commencing on the Commencement Date and continuing through the last day of the one hundred forty-fourth (144th) full calendar month following the Commencement Date; provided, however in the event Tenant exercises the Expansion Option (as defined in Rider 2 to this Lease), then the Lease Term shall automatically continue through the last day of the one hundred forty-fourth (144th) full calendar month following the later to occur of the Phase II Commencement Date or the Phase III Commencement Date (as such terms are defined in Rider 2 to this Lease), subject in all cases to the options set forth in Section 2.6 below.

(6) PROJECTED COMMENCEMENT DATE: June 1, 2016

(7) EXPIRATION DATE: The last day of the one hundred forty-fourth (144th) full calendar month following the last to occur of the Commencement Date and, if the Expansion Option is exercised, the Phase II Commencement Date or the Phase III Commencement Date, as applicable.

(8) MONTHLY BASE RENT: An amount determined by multiplying the Rentable Area of the Premises (as the same may exist from time-to-time) by the Applicable Monthly Base Rate. As used herein, the "Applicable Monthly Base Rate" shall be an amount equal to Three Dollars and Fifty Cents ($3.50) for the twelve (12) month period following the Commencement Date (which twelve (12) month period shall include any partial calendar month following the Commencement Date if the Commencement Date is other than the first (1st) day of a calendar month), which amount shall increase by a compounded three percent (3%) on the first, second, third, fourth and fifth annual anniversaries of the Commencement Date, and by a compounded two percent (2%) on the sixth annual anniversary of the Commencement Date and each annual anniversary thereafter.

(9) RENTABLE AREA: Shall mean the rentable square footage based on the standards applicable to the measurement of gross area of a "single-tenant" building in accordance with the Office Buildings: Standard Methods of Measurement, ANSI/BOMA Z65.3- 2009. However, notwithstanding anything to the contrary contained herein, in the event Tenant does not exercise the Expansion Option, then the rentable area of the Premises shall be re- measured by Landlord's architect based on the standards applicable to a "multi-tenant" building in accordance with the Office Buildings: Standard Methods of Measurement, ANSI/BOMA Z65.1-2010 Method B and the economic terms of this Lease that are based on the rentable square footage (e.g. Monthly Base Rent, Tenant's Share, Rent Adjustments, parking allocation, and Tenant Improvement Allowance) shall be retroactively adjusted, with Landlord or Tenant providing a "true-up" payment to the other, as applicable.

(10) SECURITY DEPOSIT: $229,195.00, subject to adjustment as provided in Rider 2.

(11) PREMISES: A portion of the first floor containing approximately 4,181 square feet of Rentable Area, the entire leasable area located on the third (3rd) floor containing approximately 27,010 square feet of Rentable Area, and the entire leasable area on the fourth (4th) floor containing approximately 25,261 square feet of Rentable Area, all as outlined on Exhibit A hereto (such portions of the Building collectively hereafter the "Phase I Premises"), but subject to Tenant's exercise of the Expansion Option regarding the Phase II Premises and the Phase III Premises (as each are defined in Rider 2 to this Lease). Landlord and Tenant acknowledge that the first floor portion of the Phase I Premises may be subject to adjustment in accordance with Landlord's approval of the Space Plan; provided, however, such portion of the Premises shall in any event be in the general location and general configuration as shown on Exhibit A hereto and shall in no event contain less than 4,181 square feet of Rentable Area.

(12) TENANT'S USE OF PREMISES: General office, research and development use, including laboratory use.

(13) PARKING: Up to three (3) unreserved parking spaces for each 1,000 square feet of Rentable Area of the Premises.

(14) BROKERS:

Landlord's Broker: Kidder Mathews

Tenant's Broker: Cresa Partners (Bay Area, Inc.) ENUMERATION OF EXHIBITS AND RIDER

The Exhibits and Rider set forth below and attached to this Lease are incorporated in this Lease by this reference:

EXHIBIT A	Outline of the Premises
EXHIBIT B	Workletter Agreement
EXHIBIT C-1	Laboratory Rules and Regulations
EXHIBIT C-2	Rules and Regulations
RIDER 1	Commencement Date Agreement
RIDER 2	Additional Provisions

1.2 DEFINITIONS

For purposes hereof, in addition to terms defined elsewhere in this Lease, the following terms shall have the following meanings:

AFFILIATE: Any corporation or other business entity that is currently owned or controlled by, owns or controls, or is under common ownership or control with Tenant or Landlord, as the case may be.

BUILDING: The building located at the address specified in Section 1.1(1). The Building may include office, laboratory, retail and other uses.

CABLE: As defined in Section 8.2.

COMMENCEMENT DATE: The date determined in accordance with Article 2.

COMMON AREAS: All areas of the Project made available by Landlord from time to time for the general common use or benefit of the tenants of the Building, and their employees and invitees, or the public, as such areas currently exist and as they may be changed from time to time.

DECORATION: Tenant Alterations which do not require a building permit, are not visible from outside of the Premises, and which do not involve any of the structural elements of the Building, or any of the Building's systems, including its electrical, mechanical, plumbing, security, heating, ventilating, air-conditioning, communication, and fire and life safety systems.

DEFAULT: As defined in Section 11.1.

DEFAULT RATE: Two (2) percentage points above the rate then most recently announced by Bank of America N.T.&S.A. at its San Francisco main office as its base lending reference rate, from time to time announced, but in no event higher than the maximum rate permitted by Law.

EARLY POSSESSION DATE: The date specified in a written notice to Landlord, as provided in Section 2.3, upon which Tenant will take possession of the Premises prior to the Substantial Completion of the Landlord Work.

EXPIRATION DATE: The date specified in Section 1.1(7).

FORCE MAJEURE: Any accident, casualty, act of God, war or civil commotion, strike or labor troubles, or any cause whatsoever beyond the reasonable control of Landlord, including water shortages, energy shortages or governmental preemption in connection with an act of God, a national emergency, or by reason of Law, or by reason of the conditions of supply and demand which have been or are affected by act of God, war or other emergency.

GREEN BUILDING STANDARDS: One or more of the following: the U.S. EPA's Energy Star® Portfolio Manager, the Green Building Initiative's Green Globes™ building rating system, the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED®) building rating system, the ASHRAE Building Energy Quotient (BEQ), the Global Real Estate Sustainability Benchmark (GRESB), or other standard for high performance buildings adopted by Landlord with respect to the Building or the Project, as the same may be revised from time to time.

INDEMNITEES: Collectively, Landlord, any Mortgagee or ground lessor of the Property, the property manager and the leasing manager for the Property and their respective partners, members, directors, officers, agents and employees.

LAND: The parcel(s) of real estate on which the Building and Project are located. LANDLORD WORK: The construction or installation of improvements to the Premises, to be furnished by Landlord as specifically described in the Workletter or exhibits attached hereto.

LAWS OR LAW: All laws, ordinances, rules, regulations, other requirements, orders, rulings or decisions adopted or made by any governmental body, agency, department or judicial authority having jurisdiction over the Property, the Premises or Tenant's activities at the Premises and any covenants, conditions or restrictions of record which affect the Property.

LEASE: This instrument and all Exhibits and Riders attached hereto, as may be amended from time to time.

LEASE YEAR: The twelve month period beginning on the first day of the first month following the Commencement Date (unless the Commencement Date is the first day of a calendar month in which case beginning on the Commencement Date), and each subsequent twelve month, or shorter, period until the Expiration Date.

LEASEHOLD IMPROVEMENTS: As defined in Section 12.1. MONTHLY BASE RENT: The monthly rent specified in Section 1.1(8).

MORTGAGEE: Any holder of a mortgage, deed of trust or other security instrument encumbering the Property.

NATIONAL HOLIDAYS: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day and other holidays reasonably recognized by the Landlord and the janitorial and other unions servicing the Building in accordance with their contracts.

OPERATING EXPENSES: All costs, expenses and disbursements of every kind and nature which Landlord shall pay or become obligated to pay in connection with the ownership, management, operation, maintenance, replacement and repair of the Property, including, without limitation, property management fees not to exceed 3.5% of gross revenues; costs and expenses of any capital improvements which shall be amortized over a period reasonably determined by Landlord together with interest thereon at a rate reasonably determined by Landlord; an equitable allocation of management office expenses (including, without limitation, office rent, supplies, equipment, salaries, wages, bonuses and other compensation relating to employees of Landlord or its agents engaged in the management, operation, repair, or maintenance of the Aquatic Park Center Campus); and, if applicable, the cost of operating BART shuttle service and a fitness center and conference center that is available for use by Tenant (which centers may be located in other buildings in the Aquatic Park Center Campus owned by Landlord or affiliates of Landlord), as reasonably determined by Landlord. Operating Expenses shall not include, (i) costs of alterations of the premises of tenants of the Project, (ii) costs of goods or services to the extent billed directly to other tenants of the Project (other than as reimbursement of general operating expenses), (iii)

depreciation charges, (iv) interest and principal payments on loans (except for loans for capital improvements which Landlord may include in Operating Expenses), (v) ground rental payments, (vi) real estate brokerage and leasing commissions, (vii) advertising and marketing expenses, (viii) costs to the extent Landlord has been reimbursed for the same by insurance proceeds, condemnation awards, third party warranties or other third parties (other than tenant's reimbursement of general operating expenses), (ix) expenses incurred in negotiating leases of tenants in the Project or enforcing lease obligations of tenants in the Project,

(x) Landlord's general corporate overhead, (xi) costs incurred in connection with a sale, financing, refinancing or transfer of all or any portion of the Project, (xii) payments to affiliates of Landlord for goods or services to the extent the same are materially in excess of what would be paid to non-affiliated parties of similar experience, skill and expertise for such goods or services in an arm's length transaction; and (xiii) costs incurred to comply with Laws relating to the removal and remediation of any Hazardous Material provided, however, that any costs incurred in the cleanup or remediation of *de minimis* amounts of Hazardous Materials customarily used in office buildings or used to operate motor vehicles and customarily found in parking facilities shall be included as Operating Expenses. If any Operating Expense, though paid in one year, relates to more than one calendar year, at the option of Landlord such expense may be proportionately allocated among such related calendar years. Operating Expenses for the Property that are not, in Landlord's reasonable discretion, allocable solely to either the office, laboratory, or retail portion of the Building shall be equitably allocated by Landlord between/amongst such uses.

PREMISES: The space located in the Building described in Section 1.1(11) and as outlined on Exhibit A attached hereto.

PROJECT or PROPERTY: The Project consists of the office and laboratory/research building located at the street address specified in Section 1.1(1) in Berkeley, California, and associated surface and garage parking as designated by Landlord from time to time, landscaping and improvements, together with the Land, any associated interests in real property, and the personal property, fixtures, machinery, equipment, systems and apparatus located in or used in conjunction with any of the foregoing. The Project may also be referred to as the Property.

PROJECT'S SUSTAINABILITY PRACTICES: The operations and maintenance practices for the Building, whether incorporated into the Building's Rules and Regulations, construction rules and regulations or separate written sustainability policies of Landlord with respect to the Building or the Project, as the same may be revised from time to time so long as such revisions do not materially and negatively impact Tenant's use of the Premises, addressing, among other things: energy efficiency; energy measurement and reporting; water usage; recycling, composting, and waste management; indoor air quality; and chemical use.

REAL PROPERTY: The Property excluding any personal property.

RENT: Collectively, Monthly Base Rent, Rent Adjustments and Rent Adjustment Deposits, and all other charges, payments, late fees or other amounts required to be paid by Tenant under this Lease.

RENT ADJUSTMENT: Any amounts owed by Tenant for payment of Operating Expenses and/or Taxes. The Rent Adjustments shall be determined and paid as provided in Article 4.

RENT ADJUSTMENT DEPOSIT: An amount equal to Landlord's estimate of the Rent Adjustment attributable to each month of the applicable calendar year (or partial calendar year) during the Term. On or before the Commencement Date and with each Landlord's Statement (defined in Article 4), Landlord may estimate and notify Tenant in writing of its estimate of the Operating Expenses and of Taxes for such calendar year (or partial calendar year). Prior to the first determination by Landlord of the amount of Operating Expenses and of Taxes for the first calendar year (or partial calendar year), Landlord may estimate such amounts in the foregoing calculation. Landlord shall have the right from time to time during any calendar year to provide a new or revised estimate of Operating Expenses and/or Taxes and to notify Tenant in writing thereof, of corresponding adjustments in Tenant's Rent Adjustment Deposit payable over the remainder of such year, and of the amount or revised amount due allocable to months preceding such change. The last estimate by Landlord shall remain in effect as the applicable Rent Adjustment Deposit unless and until Landlord notifies Tenant in writing of a change, which notice may be given by Landlord from time to time during each year throughout the Term.

RENTABLE AREA OF THE PREMISES: The amount of square footage stipulated and/or determined, from time to time, pursuant to Section 1.1(9).

STANDARD OPERATING HOURS: Monday through Friday from 8:00 A.M. to 6:00 P.M. and Saturdays from 9:00 A.M. to 1:00 P.M., excluding National Holidays.

SUBSTANTIALLY COMPLETE or SUBSTANTIAL COMPLETION: The completion of the Landlord Work or Tenant Work, as the case may be, except for minor insubstantial details of construction, decoration or mechanical adjustments which remain to be done. Substantial Completion shall be deemed to have occurred notwithstanding a requirement to complete "punchlist" or similar minor corrective work. If Landlord shall be delayed in Substantial Completion due to a Tenant Delay, the date of Substantial Completion for purposes of determining the Commencement Date shall be the date when Substantial Completion would have occurred if there had been no Tenant Delay. Tenant acknowledges that the length of any Tenant Delay is to be measured by the duration of the delay in Substantial Completion caused by the event or conduct constituting Tenant Delay, which may exceed the duration of such event or conduct due to the necessity of rescheduling work or other causes.

TAXES: All federal, state and local governmental taxes, assessments, license fees and charges of every kind or nature, whether general, special, ordinary or extraordinary, which Landlord shall pay or become obligated to pay because of or in connection with the ownership, leasing, management, control, or operation of the Property or any of its components (including any personal property used in connection therewith) or Landlord's business of owning and operating the Property, which may also include any rental, revenue, general gross receipts or similar taxes levied in lieu of or in addition to general real and/or personal property taxes. For purposes hereof, Taxes for any year shall be Taxes which are assessed for any period of such year, whether or not such Taxes are billed and payable in a subsequent calendar year. There shall be included in Taxes for any year the amount of all fees, costs and expenses (including reasonable attorneys' fees) paid by Landlord during such year in seeking or obtaining any refund or

reduction of Taxes. Taxes for any year shall be reduced by the net amount of any tax refund received by Landlord attributable to such year. If a special assessment payable in installments is levied against any part of the Property, Taxes for any year shall include only the installment of such assessment and any interest payable or paid during such year. Taxes shall not include any

(i) federal, state or local inheritance, general income, gift or estate taxes, or (ii) state or local documentary transfer taxes in connection with a sale of the Property, except that if a change occurs in the method of taxation resulting in whole or in part in the substitution of any such taxes, or any other assessment, for any Taxes as above defined, such substituted taxes or assessments shall be included in the Taxes. Tenant and Landlord acknowledge that Proposition 13 was adopted by the voters of the State of California in the June, 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such purposes as fire protection, street, sidewalk, road, utility construction and maintenance, refuse removal and for other governmental services which may formerly have been provided without charge to property owners or occupants. It is the intention of the parties that all new and increased assessments, taxes, fees, levies and charges due to any cause whatsoever are to be included within the definition of real property taxes for purposes of this Lease.

TENANT ADDITIONS: Collectively, Landlord Work, Tenant Work and Tenant Alterations.

TENANT ALTERATIONS: Any alterations, improvements, additions, installations or construction in or to the Premises or any Building systems serving the Premises (excluding Landlord Work or Tenant Work); and any supplementary air-conditioning systems installed by Landlord or by Tenant at Landlord's request pursuant to Section 6.1(b).

TENANT DELAY: Any act or omission of Tenant which delays Substantial Completion of the Landlord Work.

TENANT WORK: All work installed or furnished to the Premises by Tenant in connection with Tenant's initial occupancy.

TENANT'S SHARE: The percentage that represents the ratio of the Rentable Area of the Premises to the Rentable Area of the Building, as determined by Landlord from time to time. Tenant acknowledges that the Rentable Area of the Premises or Building may change from remeasurement or otherwise during the Term or as a result of Tenant leasing additional space within the Building. Notwithstanding anything herein to the contrary, Landlord may equitably adjust Tenant's Share for all or part of any item of expense or cost reimbursable by Tenant that relates to a repair, replacement, or service that benefits only the Premises or only a portion of the Building and/or the Project or that varies with the occupancy of the Building and/or the Project, provided such adjustment is done in accordance with sound real estate accounting and management principles, consistently applied.

TERM: The initial term of this Lease commencing on the Commencement Date and expiring on the Expiration Date, and extension of the initial term, if any.

TERMINATION DATE: The Expiration Date or such earlier date as this Lease terminates or Tenant's right to possession of the Premises terminates.

WORKLETTER: The Agreement regarding the manner of completion of Landlord Work and Tenant Work set forth on Exhibit B attached hereto.

ARTICLE 2

PREMISES, TERM, FAILURE TO GIVE POSSESSION, AND PARKING

2.1 LEASE OF PREMISES

(a) Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises for the Term and upon the terms, covenants and conditions provided in this Lease. In the event Landlord delivers possession of the Premises to Tenant prior to the Commencement Date, Tenant shall be subject to all of the terms, covenants and conditions of this Lease as of the date of such possession, except as otherwise expressly provided in this Lease.

(ii) Tenant shall have the right to cause its Architect to verify and confirm the Rentable Area of the Premises and may make a written objection to the Rentable Area set forth in Section 1.1(11) above, as follows: (i) within thirty (30) days following Landlord's notification to Tenant of the final Rentable Area respecting the portion of Premises located on the first floor, within thirty (30) days following the date of this Lease with respect to the Rentable Areas of the portion of Premises located on the 3rd floor and 4th floor. Additionally, in the event Tenant does not exercise the Expansion Option and Landlord's architect re-measures the Rentable Area of the Premises as provided Section 1.1(9) above, then Tenant may make a written objection to the revised Rentable Area, as so determined by Landlord's architect, within thirty (30) days following Tenant's receipt of the same. If Tenant does not make a timely written objection to the Rentable Area as set forth, then Tenant shall be deemed to have stipulated and agreed as to the Rentable Area determined by Landlord or as set forth in this Lease, as applicable. In the event Tenant timely makes a written objection to the Rentable Area as set forth, then the parties shall cooperate in good faith to resolve the same.

2.2 TERM

(a) The Commencement Date shall be the date which is thirty (30) days after the earlier to occur of: (i) the Early Possession Date respecting the Phase I Premises or (ii) the issuance of a temporary or final certificate of occupancy, or equivalent, from the City of Berkeley for the Phase I Premises; provided, however in no event shall the Commencement Date be a date later than the Projected Commencement Date.

(b) Within thirty (30) days following the Commencement Date, Landlord and Tenant shall enter into an agreement (the form of which is attached hereto as Rider 1) confirming the Commencement Date. If Tenant fails to enter into such agreement, then the Commencement Date shall be the date designated by Landlord in such agreement.

2.3 DELIVERY OF POSSESSION

Landlord shall deliver possession to Tenant upon Substantial Completion of the Landlord Work. If Landlord shall be unable to timely give such possession for any reason, then this Lease shall not be void or voidable, nor shall Landlord be subject to any liability therefore. However, if possession has not been delivered with the Landlord Work Substantially Complete by December 31, 2015 (as such date shall be extended by any Tenant Delay and/or default on the part of Tenant (the "Outside Delivery Date"), then the Projected Commencement Date shall be extended on a day-for-day for each day beyond the Outside Delivery Date until Landlord delivers possession with the Landlord Work Substantially Complete. Notwithstanding the foregoing, following no less than thirty (30) days prior written notice from Tenant to Landlord, Landlord shall deliver possession of the Premises prior to Substantial Completion of the Landlord Work, and such entry shall be subject to all the provisions of this Lease other than the payment of Monthly Base Rent, including, without limitation, Tenant's compliance with the insurance and indemnity requirements of this Lease. In connection with such early entry, Tenant agrees that it shall not in any way interfere with the progress of the Landlord Work. Should such early entry interfere with the progress of the Landlord Work, in Landlord's judgment, then Landlord may demand that Tenant forthwith cease the activities that are causing such interference or vacate the Premises as necessary until such interference would not occur, and Tenant shall immediately comply with such demand.

2.4 CONDITION OF PREMISES

No later than August 31, 2016, Tenant shall notify Landlord in writing of any defects in the Landlord Work that are claimed by Tenant or in the materials or workmanship furnished by Landlord in completing the Landlord Work. Except for defects stated in such notice, Tenant shall be conclusively deemed to have accepted the Premises "AS IS" in the condition existing on the date Tenant first takes possession, and to have waived all claims relating to the condition of the Premises. Landlord shall proceed diligently to correct the defects stated in such notice unless Landlord disputes the existence of any such defects. In the event of any dispute as to the existence of any such defects, the decision of Landlord's architect shall be final and binding on the parties. No agreement of Landlord to alter, remodel, decorate, clean or improve the Premises or the Real Property and no representation regarding the condition of the Premises or the Real Property has been made by or on behalf of Landlord to Tenant, except as may be specifically stated in this Lease or in the Workletter.

2.5 PARKING

During the Term, Tenant shall lease from Landlord, at a minimum, 1.54 parking stalls for each 1,000 square feet of Rentable Area of the Premises for use by Tenant and its employees, guests and visitors. All such stalls shall be located on the Property or in the parking garage located at 710 Heinz Avenue and shall be leased by Tenant at the monthly rate of $100.00 for each stall during the first Lease Year, which rate shall increase on each annual anniversary thereafter at the rates set forth for increases to Monthly Base Rent as set forth in Section 1.1(8) above. Tenant may lease from Landlord, subject to availability, up to a maximum of 3.00 parking stalls for each 1,000 square feet of Rentable Area of the Premises. Landlord shall first endeavor to provide such additional parking stalls in the 710 Heinz Avenue garage, to the extent stalls in such garage are available and not committed to other tenants of the Aquatic Park Center Campus pursuant to a binding lease agreement. In addition, in the event Tenant elects to lease more than the minimum amount of stalls (*i.e.*, 1.54 per 1,000) and if providing Tenant with the

ability to effectively use such additional stalls will require Landlord to institute valet services, off-site parking or other measures due to stalls in the 710 Heinz Avenue garage being committed to other tenants of the Aquatic Park Center Campus pursuant to binding leases, then Tenant shall reimburse Landlord, as additional Rent hereunder, within ten (10) days of demand therefor for all costs actually incurred by Landlord in order to secure and provide such additional parking services and availability, which costs shall not include (i) costs of a capital nature, unless amortized as provided in the definition of Operating Expenses, or (ii) expenses or acquisition costs related to the construction or acquisition of additional parking areas. In the event Tenant fails at any time to pay the full amount of any such parking charges or reimbursements, then in addition to all other remedies available to Landlord hereunder, Tenant's parking rights shall be reduced to the extent of Tenant's failure to pay for the same. The locations and type of parking shall be designated by Landlord or Landlord's parking operator from time to time, provided that in no event shall Tenant be required to use valet or off-site parking if the 710 Heinz Avenue garage have parking stalls that are not committed to other tenants within the Aquatic Park Center Campus pursuant to a binding lease. Tenant acknowledges and agrees that the parking stalls serving the Project may, subject to the other provisions of this Section 2.5, include tandem and/or valet parking and a mixture of stalls for compact vehicles as well as full-size passenger automobiles, and that Tenant shall not use parking stalls for vehicles larger than the striped size of the parking stalls. All vehicles utilizing Tenant's parking privileges shall prominently display identification stickers or other markers, and/or have passes or keycards for ingress and egress, as may be required and provided by Landlord or its parking operator from time to time. Tenant shall comply with any and all parking rules and regulations from time to time established by Landlord or Landlord's parking operator, including a requirement that Tenant pay to Landlord or Landlord's parking operator a charge for loss and replacement of passes, keycards, identification stickers or markers, and for any and all loss or other damage caused by persons or vehicles related to use of Tenant's parking privileges. Tenant shall not allow any vehicles using Tenant's parking privileges to be parked, loaded or unloaded except in accordance with this Section, including in the areas and in the manner designated by Landlord or its parking operator for such activities. If any vehicle is using the parking or loading areas contrary to any provision of this Section, Landlord or its parking operator shall have the right, in addition to all other rights and remedies of Landlord under this Lease, to remove or tow away the vehicle without prior notice to Tenant, and the cost thereof shall be paid to Landlord within ten (10) days after notice from Landlord.

2.6 RENEWAL OPTIONS

(a) Tenant shall have the option to renew this Lease ("Renewal Option") with respect to the entirety of the Premises (and including, if applicable, the entirety of the Expansion Premises taken pursuant to Rider 2) for two (2) consecutive additional terms of five (5) years each (each a "Renewal Term"), commencing upon expiration of the initial Term or the first Renewal Term, as applicable. Each Renewal Option must be exercised, if at all, by written notice given by Tenant to Landlord not later than twelve (12) months prior to commencement of the Renewal Term. If Tenant properly exercises a Renewal Option, then references in this Lease to the Term shall be deemed to include the Renewal Term. Tenant's rights under this Section 2.6 shall, at the option of Landlord, be null and void and Tenant shall have no right to renew this Lease if on the date Tenant exercises a Renewal Option or on the date immediately preceding the

commencement date of a Renewal Term (i) a Default beyond the applicable cure period shall have occurred and be continuing hereunder, or (ii) the named Tenant hereunder or pursuant to a Permitted Transfer (defined below), a Tenant Affiliate, does not occupy the entire Premises.

(b) If Tenant properly exercises a Renewal Option, then during such Renewal Term all of the terms and conditions set forth in this Lease as applicable to the Premises during the initial Term shall apply during the Renewal Term, including without limitation the obligation to pay Rent Adjustments, except that (i) Tenant shall accept the Premises in their then "as-is" state and condition and Landlord shall have no obligation to make or pay for any improvements to the Premises, and (ii) during the Renewal Term the Monthly Base Rent payable by Tenant shall be the Fair Market Value during the Renewal Term as hereinafter set forth, except that in no event shall Monthly Base Rent during a Renewal Term be (i) less than ninety percent (90%) of the Monthly Base Rent in effect during the month immediately preceding the Renewal Term, or (ii) greater than one hundred fifteen percent (115%) of the Monthly Base Rent in effect during the month immediately preceding the Renewal Term.

(c) For purposes of this Section, the term "Fair Market Value" shall mean the rental rate, additional rent adjustment and other charges and increases, if any, for space comparable in size, location and quality of the Premises under primary lease (and not sublease) to new or renewing tenants, for a comparable term with base rent adjusted for the relative tenant improvement allowance, if applicable and taking into consideration such amenities as existing improvements, view, floor on which the Premises are situated and the like, situated in comparable science/laboratory buildings in Emeryville or Berkeley. The Fair Market Value shall not take into account any Tenant Alterations or other improvements paid for by Tenant.

(d) If Tenant properly exercises a Renewal Option, then Landlord, by notice to Tenant not later than six (6) months prior to commencement of the Renewal Term, shall indicate Landlord's determination of the Fair Market Value. Tenant, within fifteen (15) days after the date on which Landlord provides such notice of the Fair Market Value shall either (i) give Landlord final binding written notice ("Binding Notice") of Tenant's acceptance of Landlord's determination of the Fair Market Value, or (ii) if Tenant disagrees with Landlords' determination, provide Landlord with written notice of Tenant's election to submit the Fair Market Value to binding arbitration (the "Arbitration Notice"). If Tenant fails to provide Landlord with either a Binding Notice or Arbitration Notice within such fifteen (15) day period, Tenant shall have been deemed to have given the Binding Notice. If Tenant provides or is deemed to have provided Landlord with a Binding Notice, Landlord and Tenant shall enter into the Renewal Amendment (as defined below) upon the terms and conditions set forth herein.

(e) If the parties are unable to agree upon the Fair Market Value for the Premises within ten (10) days after Landlord's receipt of the Arbitration Notice, Fair Market Value as of commencement of the Renewal Term shall be determined as follows:

(1) Within ten (10)) days after the date Tenant delivers the Arbitration Notice, Tenant, at its sole expense, shall obtain and deliver in writing to Landlord a determination of the Fair Market Value for the Premises for a term equal to the Renewal Term from a broker or appraiser ("Tenant's broker") licensed in the State of California and engaged in the science/laboratory markets in Emeryville and Berkeley, California, for at least the immediately

preceding five (5) years. If Landlord accepts such determination, Landlord shall provide written notice thereof within ten (10) days after Landlord's receipt of such determination and the Base Rent for the Renewal Term shall be adjusted to an amount equal to the Fair Market Value determined by Tenant's broker. Landlord shall be deemed to have rejected Tenant's determination if Landlord fails to respond within the ten (10) day period.

(2) If Landlord provides notice that it rejects, or is deemed to have rejected, such determination, within twenty (20) days after receipt of the determination of Tenant's broker, Landlord shall designate a broker or appraiser ("Landlord's broker") licensed in the State of California and possessing the qualifications set forth in (1) above. Landlord's broker and Tenant's broker shall name a third broker, similarly qualified, within five (5) days after the appointment of Landlord's broker ("Neutral Broker").

(3) The Neutral Broker shall determine the Fair Market Value for the Premises as of the commencement of the Renewal Term within fifteen (15) days after the appointment of such Neutral Broker by choosing the determination of the Landlord's broker that was set forth in the initial notice delivered by Landlord pursuant to Section 2.6(d) or the Tenant's broker that was delivered pursuant to Section 2.6(e)(1) which is closest to its own determination of Fair Market Value. The decision of the Neutral Broker shall be binding on Landlord and Tenant.

(f) Landlord shall pay the costs and fees of Landlord's broker in connection with any determination hereunder, and Tenant shall pay the costs and fees of Tenant's broker in connection with such determination as well as the costs and fees of any broker who assists Tenant in the renewal. The costs and fees of the Neutral Broker shall be paid one-half by Landlord and one-half by Tenant.

(g) If the amount of the Fair Market Value has not been determined pursuant to this Section 2.6 as of the commencement of the Renewal Term, then Tenant shall continue to pay the Base Rent in effect during the last month of the initial Term until the amount of the Fair Market Value is determined. When such determination is made, Tenant shall pay any deficiency to Landlord upon demand.

(h) If Tenant is entitled to and properly exercises its Renewal Option, upon determination of Fair Market Value pursuant to this Section 2.6, Landlord shall prepare an amendment (the "Renewal Amendment") to reflect changes in the Base Rent, Term, Expiration Date and other appropriate terms. The Renewal Amendment shall be sent to Tenant within a reasonable time after determination of Fair Market Value and, provided the same is accurate, Tenant shall execute and return the Renewal Amendment to Landlord within ten (10) days after Tenant's receipt of same, but an otherwise valid exercise of the Renewal Option shall be fully effective whether or not the Renewal Amendment is executed.

ARTICLE 3

RENT

Tenant shall pay to Landlord at the address specified in Section 1.1(2), or to such other persons, or at such other places designated by Landlord, without any prior demand therefor in

immediately available funds and without any deduction or offset whatsoever, Rent, including Monthly Base Rent and Rent Adjustments in accordance with Article 4, during the Term. Monthly Base Rent shall be paid monthly in advance on or prior to the first day of each month of the Term, except that the first installment of Monthly Base Rent shall be paid by Tenant to Landlord concurrently with execution of this Lease. Monthly Base Rent shall be prorated for partial months within the Term. Unpaid Rent shall bear interest at the Default Rate from the date due until paid. Tenant's covenant to pay Rent shall be independent of every other covenant in this Lease.

ARTICLE 4

RENT ADJUSTMENTS AND PAYMENTS

4.1 RENT ADJUSTMENTS

From and after the Commencement Date, Tenant shall pay to Landlord Rent Adjustments with respect to each calendar year (or partial calendar year in the case of the year in which the Commencement Date and the Termination Date occur) as follows as follows:

(a) The Rent Adjustment Deposit representing Tenant's Share of Operating Expenses for the applicable calendar year (or partial calendar year), monthly during the Term with the payment of Monthly Base Rent;

(b) The Rent Adjustment Deposit representing Tenant's Share of Taxes for the applicable calendar year (or partial calendar year), monthly during the Term with the payment of Monthly Base Rent;

(c) Any Rent Adjustments due in excess of the Rent Adjustment Deposits in accordance with Section 4.2. Rent Adjustments due from Tenant to Landlord for any calendar year (or partial calendar year) shall be Tenant's Share of Operating Expenses for such calendar year (or partial calendar year) and Tenant's Share of Taxes for such calendar year (or partial calendar year); and

(d) For purposes of determining Rent Adjustments, if the Building or Property is not fully occupied during all or a portion of any calendar year during the Term, Landlord shall make appropriate adjustments to the variable components of Operating Expenses for such calendar year (or partial calendar year), employing sound accounting and management principles consistently applied, to determine the amount of Operating Expenses that would have been paid or incurred by Landlord had the Building or Property been fully occupied, and the amount so determined shall be deemed to have been the amount of Operating Expenses for such calendar year (or partial calendar year). In the event that the Property is not fully assessed for all or a portion of any calendar year (or partial calendar year) during the Term, then Taxes shall be adjusted to an amount which would have been payable in such calendar year (or partial calendar year) if the Property had been fully assessed.

4.2 STATEMENT OF LANDLORD

On or before April 1 of each calendar year (or as soon thereafter as practical), Landlord will furnish Tenant a statement ("Landlord's Statement") respecting the prior calendar year showing the following:

(a) Operating Expenses and Taxes for such calendar year;

(b) The amount of Rent Adjustments due Landlord for the last calendar year, less credit for Rent Adjustment Deposits paid, if any; and

(c) Any change in the Rent Adjustment Deposit due monthly in the current calendar year, including the amount or revised amount due for months preceding any such change pursuant to Landlord's Statement.

Tenant shall pay to Landlord within thirty (30) days after receipt of such statement any amounts for Rent Adjustments then due in accordance with Landlord's Statement. Any amounts due from Landlord to Tenant pursuant to this Section shall, at Landlord's option, either be directly refunded to Tenant by check or otherwise, or be credited to the Rent Adjustment Deposit next coming due. No interest or penalties shall accrue on any amounts that Landlord is obligated to credit or refund to Tenant by reason of this Section 4.2. Landlord's failure to deliver Landlord's Statement or to compute the amount of the Rent Adjustments shall not constitute a waiver by Landlord of its right to deliver such items nor constitute a waiver or release of Tenant's obligations to pay such amounts. The Rent Adjustment Deposit shall be credited against Rent Adjustments due for the applicable calendar year (or partial calendar year). During the last complete calendar year or during any partial calendar year in which this Lease terminates, Landlord may include in the Rent Adjustment Deposit its estimate of Rent Adjustments which may not be finally determined until after the termination of this Lease. Tenant's obligation to pay Rent Adjustments survives the expiration or termination of this Lease. Notwithstanding the foregoing, in no event shall the sum of Monthly Base Rent and the Rent Adjustments be less than the Monthly Base Rent payable.

4.3 BOOKS AND RECORDS

Landlord shall maintain books and records showing Operating Expenses and Taxes in accordance with sound accounting and management practices, consistently applied. Tenant or its representative (which representative shall be a certified public accountant licensed to do business in the state in which the Property is located and whose primary business is certified public accounting and who shall not be paid on a contingency basis) shall have the right, for a period of sixty (60) days following the date upon which Landlord's Statement is delivered to Tenant, to examine the Landlord's books and records with respect to the items in the foregoing statement of Operating Expenses and Taxes during normal business hours, upon written notice, delivered at least three (3) business days in advance. Tenant shall pay for all costs of such examination, provided, however, if such examination results in a discrepancy of more than five percent (5%) in the actual Operating Expenses and Taxes from those shown on the Landlord's Statement, such costs shall be reimbursed by Landlord, not to exceed $5,000.00. If Tenant does not object in writing to Landlord's Statement within ninety (90) days of Tenant's receipt thereof, specifying the nature of the item in dispute and the reasons therefor, then Landlord's Statement shall be considered final and accepted by Tenant and Tenant shall be deemed to have waived its right to dispute Landlord's Statement. If Tenant does dispute any Landlord's Statement, Tenant shall deliver a

copy of any such audit to Landlord at the time of notification of the dispute. If Tenant does not provide such notice of dispute and a copy of such audit to Landlord within such ninety day (90) day period, it shall be deemed to have waived such right to dispute Landlord's Statement. Any amount due to Landlord as shown on Landlord's Statement, whether or not disputed by Tenant as provided herein shall be paid by Tenant when due as provided above, without prejudice to any such written exception. In no event shall Tenant be permitted to dispute any statement of Operating Expenses and Taxes unless Tenant has paid and continues to pay all Rent when due. Upon resolution of any dispute with respect to Operating Expenses and Taxes, Tenant shall either pay Landlord any shortfall or Landlord shall credit Tenant with respect to any overages paid by Tenant. The records obtained by Tenant shall be treated as confidential and neither Tenant nor any of its representatives or agents (including without limitation any financial or legal consultants) shall disclose or discuss the information set forth in the audit to or with any other person or entity ("Confidentiality Requirement"). Tenant shall indemnify and hold Landlord harmless for any losses or damages arising out of the breach of the Confidentiality Requirement.

4.4 TENANT OR LEASE SPECIFIC TAXES

In addition to Monthly Base Rent, Rent Adjustments, Rent Adjustment Deposits and other charges to be paid by Tenant, Tenant shall pay to Landlord, upon demand, any and all taxes payable by Landlord (other than federal, state or local inheritance, general income, gift or estate taxes or state or local documentary transfer taxes in connection with a sale of the Property) whether or not now customary or within the contemplation of the parties hereto: (a) upon, allocable to, or measured by the Rent payable hereunder, including any gross receipts tax or excise tax levied by any governmental or taxing body with respect to the receipt of such rent; or upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof; or (c) upon the measured value of Tenant's personal property located in the Premises or in any storeroom or any other place in the Premises or the Property, or the areas used in connection with the operation of the Property, it being the intention of Landlord and Tenant that, to the extent possible, such personal property taxes shall be billed to and paid directly by Tenant; (d) resulting from any Landlord Work, Tenant Work, Tenant Alterations, or any other improvements to the Premises, whether title thereto is in Landlord or Tenant; or (e) upon this transaction. Taxes paid by Tenant pursuant to this Section 4.4 shall not be included in any computation of Taxes payable pursuant to Sections 4.1 and 4.2.

ARTICLE 5 SECURITY

(a) Prior to the Commencement Date, Tenant shall deliver to Landlord and maintain until the Security Expiration Date (as defined below) a security deposit (the "Security Deposit") the amount set forth in the Section 1.1(10) above. The Security Deposit may be in the form of cash ("Cash Deposit") or a Letter of Credit (as hereinafter defined) or combination of the forgoing as provided herein. In the event of a draw upon the Letter of Credit or an application of the Cash Deposit in accordance with the requirements herein, then Tenant shall have an obligation to, within five (5) business days following such draw, post an additional Cash Deposit or Letter of Credit (or increase the stated amount of any Letter of Credit previously provided to Landlord) such that the aggregate amount posted to Landlord as a Security Deposit hereunder equals the then-applicable Security Deposit Value (as hereinafter defined). Any Letter of Credit shall be in the form of a clean,

irrevocable, non-documentary and unconditional letter of credit (the "Letter of Credit") issued by and drawable upon bank or financial institution reasonably approved by Landlord (the "Bank") that meets at least two of the following three ratings standards as to its unsecured and senior, long-term debt obligations (not supported by third party credit enhancement): (a) "A" or better by Moody's Investors Service, or its successor, (b) "BBB" or better by Standard & Poor's Rating Service, or its successor; or (c) "A" or better by Fitch Ratings, or its successor (the "Rating Standard"). The Letter of Credit shall have a term of not less than one year, be payable upon presentation at a location in Berkeley, California, be for the benefit of Landlord as security for the faithful performance and observance by Tenant of the terms, provisions, and conditions of the Lease, and otherwise be in a form and content acceptable to the Landlord. The "Security Deposit Value" shall mean the amount set forth in the Section 1.1(10) above.

(b) If the expiration date of the Letter of Credit is earlier than the thirtieth (30th) day after the Expiration Date, then Tenant shall renew, replace or amend the Letter of Credit, in the same form or another form reasonably acceptable to Landlord from time to time, no later than thirty (30) days prior to the expiration of the Letter of Credit. If at any time the Bank that has issued the Letter of Credit then being held by Landlord hereunder fails to meet the Rating Standard, then within ten (10) business days after Landlord's notice to Tenant of such failure, Tenant shall deliver (i) a Cash Deposit and/or (ii) a replacement Letter of Credit meeting the requirements of this Article 5 from a Bank meeting the Rating Standard, in an aggregate amount equal to the Security Deposit Value. Promptly following receipt of such Cash Deposit and/or replacement Letter of Credit, Landlord shall return the prior Letter of Credit to Bank and take such other reasonable steps as are necessary to cause such prior Letter of Credit to be cancelled.

(c) It is agreed that in the event that Tenant defaults in respect of any of the terms, conditions or provisions of this Lease, including, but not limited to (i) the payment of the Monthly Base Rent or Rent Adjustments, (ii) the delivery of a Cash Deposit or replacement Letter of Credit meeting the requirements of this Article 5 from a Bank meeting the Rating Standard above within ten (10) business days after Landlord's notice to Tenant of such issuing Bank's failure to meet the Rating Standard, or (iii) the aforesaid agreement to cause the Bank to renew, amend or replace the Letter of Credit to extend the expiration date thereof, then without waiving any of the Landlord's other rights and remedies under this Lease, Landlord shall have the right to require the Bank to make payment to Landlord of the amount required to cure such default or such other sum to compensate Landlord for actual damages incurred in connection with such this Lease not to exceed the face amount of the Letter of Credit; provided that in the case of a default described in clause (ii) or (iii) above, Landlord shall have the right to draw the entire amount of the Letter of Credit, in which case, Landlord shall hold the cash proceeds as security for the performance of Tenant's obligations under the Lease and either (x) Tenant shall deliver to Landlord a replacement Letter of Credit meeting the Rating Standard in the face amount of the then-applicable Security Deposit Value; and upon such delivery of the replacement Letter of Credit, Landlord shall return the cash proceeds from its draw on the previous Letter of Credit to Tenant (to the extent not properly applied to cure any other default of Tenant hereunder); or (y) Landlord shall hold the cash proceeds from its draw on the previous Letter of Credit as a Cash Deposit (as defined below) and may apply the Cash Deposit or any portion thereof as provided below. The Letter of Credit shall be transferable, at no charge to Landlord, upon reasonable prior notice to the Bank subject to compliance with any reasonable transfer procedures set forth in the

Letter of Credit, provided that Tenant shall not be required to pay any such transfer or processing fees more than one (1) time in any consecutive twelve (12) month period.

(d) Tenant waives the provisions of California Civil Code Section 1950.7, or any similar or successor laws now or hereinafter in effect, that restrict Landlord's use or application of the Security Deposit, or that provide specific time periods for return of the Security Deposit. Without limiting the generality of the foregoing, and notwithstanding the provisions of the following paragraph, Tenant expressly agrees that if Landlord terminates this Lease due to a Default or if Tenant rejects this Lease in a bankruptcy proceeding, Landlord shall be entitled to hold the Security Deposit until the amount of damages recoverable pursuant to California Civil Code Section 1951.2 is finally determined.

(e) Provided no Default then exists, the Letter of Credit or any portion of any sum collected by Landlord thereunder from the Bank not theretofore applied by Landlord pursuant to this Article 5, or, if applicable, the Cash Deposit or so much thereof as has not theretofore been applied by Landlord pursuant to this Article 5, together with any other portion of any other sums then held by Landlord as security, shall be returned to Tenant within sixty (60) days after the later of the Expiration Date or Tenant's vacation and surrender of the Premises in accordance with the requirements of this Lease (such sixtieth day be defined herein as the "Security Expiration Date").

ARTICLE 6

SERVICES

6.1 LANDLORD'S GENERAL SERVICES

(a) So long as this Lease is in full force and effect and Tenant has paid all Rent then due, Landlord shall furnish the following services the cost of which services shall be included in Operating Expenses:

(1) heat, ventilation and air-conditioning ("HVAC") in the Premises (i) during Standard Operating Hours as necessary in Landlord's reasonable judgment for the comfortable occupancy of the Premises under normal business office and laboratory operations, and (ii) outside of Standard Operating Hours to minimum safe setback levels for laboratory operations ("After-Hours Setback"), subject to compliance with all applicable voluntary and mandatory regulations and Laws;

(2) tempered and cold water for normal and customary use in the Premises and in lavatories in common with other tenants from the regular supply of the Building;

(3) customary cleaning and janitorial services in the Common Areas five (5) days per week, excluding National Holidays;

(4) washing of the outside windows in the Premises weather permitting at intervals determined by Landlord, but consistent with a first-class office and laboratory building in Emeryville or Berkeley;

(5) automatic passenger elevator service in common with other tenants of the Building and freight elevator service subject to reasonable scheduling by Landlord and payment of Landlord's standard charges. Tenant shall have access to the Premises seven (7) days per week, twenty-four (24) hours per day, subject to such reasonable measures and systems for access control and/or tenant identification as exist from time to time at the Building, including, for example only, keys or card-keys for entry; and

(6) shuttle service for employees of the tenants of the Aquatic Park Center Campus between the Aquatic Park Center Campus and the Ashby BART station, as administered by Landlord, its affiliates or third parties, which shuttle service currently operates on weekdays (excluding holidays) between the hours of 5:35 a.m. through 9:55 a.m., and 3:00 p.m. through 6:45 p.m.

(b) Landlord shall provide a security program for the Building (but not individually for Tenant or the Premises) generally consistent with the standards of comparable class "A" office/laboratory buildings in Berkeley. The cost of the security program shall be an Operating Expense. Landlord shall not be liable in any manner to Tenant or any other Tenant Parties for any acts (including criminal acts) of others, or for any direct, indirect, or consequential damages, or any 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, or other loss or damage, bodily injury or death, related to any malfunction, circumvention or other failure of any security program, or for the failure of any security program to prevent bodily injury, death, or property damage, or loss, or to apprehend any person suspected of causing such injury, death, damage or loss.

(c) So long as this Lease is in full force and effect and Tenant has paid all Rent then due, Landlord shall furnish to the Premises replacement lamps, bulbs, ballasts and starters used in any normal Building lighting installed in the Premises, except that if the replacement or repair of such items is a result of negligence of Tenant, its employees, agents, servants, licensees, subtenants, contractors or invitees, such cost shall be paid by Tenant within ten (10) days after notice from Landlord and shall not be included as part of Operating Expenses.

(d) If Tenant uses heat generating machines or equipment in the Premises to an extent which adversely affects the temperature otherwise maintained by the air-cooling system or whenever the occupancy or electrical load adversely affects the temperature otherwise maintained by the air-cooling system, Landlord reserves the right to install or to require Tenant to install supplementary air-conditioning units to service the Premises. Tenant shall bear all costs and expenses related to the installation, maintenance and operation of such units.

(e) Tenant shall pay Landlord at rates fixed by Landlord for all tenants in the Building, charges for all water furnished to the Premises beyond that described in Section 6.1(a)(2), including the expenses of installation of a water line, meter and fixtures.

6.2 UTILITIES AND JANITORIAL SERVICES

All utility services used by Tenant or provided to the Premises, including, without limitation, electricity, gas, water, and sewer services, shall be paid for by Tenant by separate charge and

shall not be included as part of Operating Expenses. Such charges shall be based upon Tenant's usage as measured by a separate meter or submeter for the Premises, or as reasonably estimated by Landlord and shall be payable by Tenant to Landlord within 15 days after billing by Landlord. In addition, Tenant shall provide its own janitorial services to the Premises, using a janitorial service reasonably acceptable to Landlord. Notwithstanding any provision of this Lease to the contrary, , Tenant shall not make any alterations or additions to the electric equipment or systems, in each instance, without the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed so long as such alterations or additions (i) do not exceed the capacity of the wiring, feeders and risers and (ii) are in compliance with the City's building code. Tenant's use of electric current shall at no time exceed the capacity of the wiring, feeders and risers providing electric current to the Premises or the Building. The consent of Landlord to the installation of electric equipment shall not relieve Tenant from the obligation to limit usage of electricity to no more than such capacity.

6.3 ADDITIONAL AND AFTER HOUR SERVICES

At Tenant's written request, Landlord shall furnish additional quantities of any of the services or utilities specified in Section 6.1, if Landlord can reasonably do so, on the terms set forth herein. For services or utilities requested by Tenant and furnished by Landlord, Tenant shall pay to Landlord as a charge therefor Landlord's prevailing rates charged from time to time for such services and utilities. Without limiting the generality of the foregoing, for HVAC service outside of Standard Operating Hours and beyond After-Hours Setback levels, Landlord's prevailing rate as of the date of this Lease includes a one (1) hour minimum per activation. If Tenant shall fail to make any such payment, Landlord may, upon notice to Tenant and in addition to Landlord's other remedies under this Lease, discontinue any or all of such additional services.

6.4 TELEPHONE SERVICES

All telephone, and communication connections which Tenant may desire shall be subject to Landlord's prior written approval, in Landlord's reasonable discretion, and the location of all wires and the work in connection therewith shall be performed by contractors approved by Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be subject to the direction of Landlord and in compliance with Landlord's then current Building Standards for voice, data and wiring installation. Landlord reserves the right to designate and control the entity or entities providing telephone or other communication cable installation, removal, repair and maintenance in the Building and to restrict and control access to telephone cabinets or panels. In the event Landlord designates a particular vendor or vendors to provide such cable installation, removal, repair and maintenance for the Building, Tenant agrees to abide by and participate in such program. Tenant shall be responsible for and shall pay all costs incurred in connection with the installation of telephone cables and communication wiring in the Premises, including any hook up, access and maintenance fees related to the installation of such wires and cables in the Premises and the commencement of service therein, and the maintenance thereafter of such wire and cables; and there shall be included in Operating Expenses for the Building all installation, removal, hook up or maintenance costs incurred by Landlord in connection with telephone cables and communication wiring serving the Building which are not allocable to any individual users of such service but are allocable to the Building generally. If Tenant fails to maintain all telephone cables and communication wiring in the Premises and such failure affects or interferes with the

operation or maintenance of any other telephone cables or communication wiring serving the Building, Landlord or any vendor hired by Landlord may enter into and upon the Premises forthwith and perform such repairs, restorations or alterations as Landlord deems necessary in order to eliminate any such interference (and Landlord may recover from Tenant all of Landlord's out-of-pocket costs in connection therewith). If required by Landlord, no later than the Termination Date Tenant shall remove all telephone cables and communication wiring installed by Tenant for and during Tenant's occupancy and surrender the installation in a condition approved by Landlord at the time of installation. Tenant agrees that neither Landlord nor any of its agents or employees shall be liable to Tenant, or any of Tenant's employees, agents, customers or invitees or anyone claiming through, by or under Tenant, for any damages, injuries, losses, expenses, claims or causes of action because of any interruption, diminution, delay or discontinuance at any time for any reason in the furnishing of any telephone or other communication service to the Premises and the Building.

6.5 DELAYS IN FURNISHING SERVICES

Tenant agrees that except as expressly provided herein, Landlord shall not be in breach of this Lease nor be liable to Tenant for damages or otherwise, for any failure to furnish, or a delay in furnishing, or a change in the quantity or character of any service when such failure, delay or change is occasioned, in whole or in part, by repairs, improvements or mechanical breakdowns, by the act or default of Tenant or other parties or by an event of Force Majeure. No such failure, delay or change shall be deemed to be an eviction or disturbance of Tenant's use and possession of the Premises, or relieve Tenant from paying Rent or from performing any other obligations of Tenant under this Lease, without any deduction or offset; provided, however, in the case of any such failure or delay is caused by the gross negligence or willful misconduct of Landlord and the same materially interferes with Tenant's ability to conduct business in the Premises, then unless Landlord is diligently pursuing a remedy, Rent shall be abated commencing on the fifth (5th) consecutive business day following such failure or delay and shall continue until such time as the failure or delay that materially interferes with Tenant's ability to conduct business in the Premises is cured. Failure to any extent to make available, or any slowdown, stoppage, or interruption of, the specified utility services resulting from any cause, including changes in service provider or Landlord's compliance with any voluntary or similar governmental or business guidelines now or hereafter published or any requirements now or hereafter established by any governmental agency, board, or bureau having jurisdiction over the operation of the Property shall not render Landlord liable in any respect for damages to either persons, property, or business, nor be construed as an eviction of Tenant or work an abatement of Rent, nor relieve Tenant of Tenant's obligations for fulfillment of any covenant or agreement hereof. Should any equipment or machinery furnished by Landlord break down or for any cause cease to function properly, Landlord shall use reasonable diligence to repair same promptly, but Tenant shall have no claim for abatement of Rent or damages on account of any interruption of service occasioned thereby or resulting therefrom.

6.6 CHOICE OF SERVICE PROVIDER

Tenant acknowledges that Landlord may, at Landlord's sole option, to the extent permitted by applicable law, elect to change, from time to time, the company or companies which provide services (including electrical service, gas service, water, telephone and technical services) to the Building, the Premises and/or its occupants. Notwithstanding anything to the contrary set

forth in this Lease, Tenant acknowledges that Landlord has not and does not make any representations or warranties concerning the identity or identities of the company or companies which provide services to the Building and the Premises or its occupants and Tenant acknowledges that the choice of service providers and matters concerning the engagement and termination thereof shall be solely that of Landlord. The foregoing provision is not intended to modify, amend, change or otherwise derogate any provision of this Lease concerning the nature or type of service to be provided or any specific information concerning the amount thereof to be provided. Tenant agrees to cooperate with Landlord and each of its service providers in connection with any change in service or provider.

6.7 SIGNAGE

Initial Building standard signage for Tenant will be installed by Landlord in the directory in the main lobby of the Building, in the listing of tenants in the elevator lobby for the floor on which the Premises is located and at Tenant's main entry door to the Premises at Landlord's sole cost and expense. Any change in such initial signage shall be only with Landlord's prior written consent, shall conform to Building standard signage and shall be at Tenant's sole cost and expense.

ARTICLE 7

POSSESSION, USE AND CONDITION OF PREMISES

7.1 POSSESSION AND USE OF PREMISES

(a) Tenant shall occupy and use the Premises only for the uses specified in Section 1.1(12) to conduct Tenant's business. Tenant shall not occupy or use the Premises (or permit the use or occupancy of the Premises) for any purpose or in any manner which: (1) is unlawful or in violation of any Law or Environmental Law; (2) may be dangerous to persons or property or which may increase the cost of, or invalidate, any policy of insurance carried on the Building or covering its operations; (3) is contrary to or prohibited by the terms and conditions of this Lease or the rules of the Building set forth in Article 18; (4) would tend to create or continue a nuisance, or (5) in any manner that will cause the Building or any part thereof not to conform with the Project's Sustainability Practices or the certification of the Building's core and shell issued pursuant to the applicable Green Building Standards; provided, however, that in no event shall such practices or certification requirements have the effect of preventing Tenant from conducting its business at the Premises in a manner consistent with the Permitted Use.

(b) Landlord shall provide Tenant with Access Card Keys the cost of which shall be paid by Tenant within ten (10) days of Landlord's demand therefor, and Tenant shall place a deposit for such cards with Landlord to cover lost cards or cards which are not returned at the end of the Term.

(c) Landlord and Tenant acknowledge that the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.) and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to herein as the "ADA") establish requirements for business operations, accessibility and barrier removal, and that such requirements may or may not apply to the Premises, the Building and the Project

depending on, among other things: (1) whether Tenant's business is deemed a "public accommodation" or "commercial facility", (2) whether such requirements are "readily achievable", and (3) whether a given alteration affects a "primary function area" or triggers "path of travel" requirements. The parties hereby agree that: (a) Landlord shall be responsible for ADA Title III compliance in the Common Areas, except as provided below, and for constructing the Landlord Work in full compliance with the ADA (as applicable as of the date the Landlord Work is constructed), (b) Tenant shall be responsible for ADA Title III compliance in the Premises, including any leasehold improvements or other work to be performed in the Premises under or in connection with this Lease (subject to Landlord's obligation to construct the Landlord Work in full compliance with the ADA as provided above), (c) Landlord may perform, or require that Tenant perform, and Tenant shall be responsible for the cost of, ADA Title III "path of travel" requirements triggered by Tenant Additions in the Premises, and (d) Landlord may perform, or require Tenant to perform, and Tenant shall be responsible for the cost of, ADA Title III compliance in the Common Areas necessitated by the Building being deemed to be a "public accommodation" instead of a "commercial facility" as a result of Tenant's use of the Premises. Tenant shall be solely responsible for requirements under Title I of the ADA relating to Tenant's employees. The Premises have not undergone inspection by a Certified Access Specialist (CASp), as defined in Section 55.52 of the California Civil Code. The foregoing statement is included in this Lease solely for the purpose of complying with California Civil Code Section 1938 and shall not in any manner affect Landlord's and Tenant's respective responsibilities for compliance with construction-related accessibility standards as provided in this Lease.

(d) Tenant agrees to cooperate and use commercially reasonable efforts to participate in traffic management programs, and Tenant shall encourage and support van, shuttle service, and carpooling by, and staggered and flexible working hours for, its office workers and service employees to the extent reasonably permitted by the requirements of Tenant's business. Neither this Section or any other provision of this Lease is intended to or shall create any rights or benefits in any other person, firm, company, governmental entity or the public.

(e) Tenant agrees to cooperate with Landlord and to comply with any and all guidelines or controls concerning energy management and usage disclosure imposed upon Landlord by federal or state governmental organizations or by any energy conservation association to which Landlord is a party or which is applicable to the Building, including, without limitation, the requirements of California's Nonresidential Building Energy Use Disclosure Program, as more particularly specified in California Public Resources Code Sections 25402.10 *et seq.* and regulations adopted pursuant thereto. Further, Tenant hereby authorizes (and agrees that Landlord shall have the authority to authorize) any electric or gas utility company providing service to the Building to disclose from time to time so much of the data collected and maintained by it regarding Tenant's energy consumption data as may be necessary to cause the Building to participate in the ENERGY STAR® Portfolio Manager system and similar programs; and Tenant further authorizes Landlord to disclose information concerning energy use by Tenant, either individually or in combination with the energy use of other tenants, as applicable as Landlord determines to be necessary to comply with applicable Laws pertaining to the Building or Landlord's ownership thereof.

(f) Hazardous Materials.

(1) Definitions. The following terms shall have the following meanings for purposes of this Lease:

(i) "**Biohazardous Materials**" means any and all substances and materials defined or referred to as "a-medical waste," "biological waste," "biohazardous waste," "biohazardous material" or any other term of similar import under any Hazardous Materials Laws, including (but not limited to) California Health & Safety Code Sections 25105 et seq., and any regulations promulgated thereunder, as amended from time to time.

(ii) "**Environmental Condition**" means the Release of any Hazardous Materials in, over, on, under, through, from or about the Project (including, but not limited to, the Premises).

(iii) "**Environmental Damages**" means all claims, suits, judgments, damages, losses, penalties, fines, liabilities, encumbrances, liens, costs and expenses of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, arising out of or in connection with any Environmental Condition, including, to the extent arising out of an Environmental Condition, without limitation: (A) damages for personal injury, or for injury or damage to the Project or natural resources occurring on or off the Project, including without limitation (1) any claims brought by or on behalf of any person, (2) any loss of, lost use of, damage to or diminution in value of any Project or natural resource, and (3) costs of any investigation, remediation, removal, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, or otherwise reasonably necessary to protect the public health or safety, whether on or off the Project; (B) reasonable fees incurred for the services of attorneys, consultants, contractors, experts and laboratories in connection with the preparation of any feasibility studies, investigations or reports or the performance of any work described above: (C) any liability to any third person or governmental agency to indemnify such person or agency for costs expended or liabilities incurred in connection with any items described in clause (A) or (B) above; (D) any fair market or fair market rental value of the Project; and (E) the amount of any penalties, damages or costs a party is required to pay or incur in excess of that which the party otherwise would reasonably have expected to pay or incur absent the existence of the applicable Environmental Condition.

(iv) "**Handling**" or **"Handles"**, when used with reference to any substance or material, includes (but is not limited to) any receipt, storage, use, generation, Release, transportation, treatment or disposal of such substance or material.

(v) "**Hazardous Materials**" means any and all chemical, explosive, biohazardous, radioactive or otherwise toxic or hazardous materials or hazardous wastes, including without limitation any asbestos-containing materials, PCB's, CFCs, petroleum and derivatives thereof, Radioactive Materials, Biohazardous Materials, Hazardous Wastes, any other substances defined or listed as or meeting the characteristics of a hazardous substance, hazardous material, Hazardous Waste, toxic substance, toxic waste, biohazardous material, biohazardous waste, biological waste, medical waste, radiation, radioactive substance, radioactive waste, or other similar term, as applicable, under any law, statute, ordinance, code, rule, regulation, directive, order, condition or other written requirement enacted, promulgated or issued by any public officer or governmental or quasi-governmental authority, whether now in force or hereafter in force at any

time or from time to time to protect the environment or human health, and/or any mixed materials, substances or wastes containing more than one of the foregoing categories of materials, substances or wastes.

(vi) "**Hazardous Materials Laws**" means, collectively, (A) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601-9657, (B) the Hazardous Materials Transportation Act of 1975, 49 U.S.C. Sections 1801-1812, (C) the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901-6987 (together with any amendments thereto, any regulations thereunder and any amendments to any such regulations as in effect from time to time, "**RCRA**"), (D) the California Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health & Safety Code Sections 25300 et seq., (E) the Hazardous Materials Release Response Plans and Inventory Act, California Health & Safety Code Sections 25500 et seq., (F) the California Hazardous Waste Control Law, California Health & Safety Code Sections 25100 et seq. (together with any amendments thereto, any regulations thereunder and any amendments to any such regulations as in effect from time to time, the "**CHWCL**"), (G) California Health & Safety Code Sections 25015-25027.8, (H) any amendments to or successor statutes to any of the foregoing, as adopted or enacted from time to time, (I) any regulations or amendments thereto promulgated pursuant to any of the foregoing from time to time, (J) any Laws relating to Biohazardous Materials, including (but not limited to) any regulations or requirements with respect to the shipping, use, decontamination and disposal thereof, and (K) any other Law now or at any time hereafter in effect regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Materials, including (but not limited to) any requirements or conditions imposed pursuant to the terms of any orders, permits, licenses, registrations or operating plans issued or approved by any governmental or quasi-governmental authority from time to time either on a Project-wide basis or in connection with any Handling of Hazardous Materials in, on or about the Premises or the Project.

(vii) "**Hazardous Wastes**" means (A) any waste listed as or meeting the identified characteristics of a "hazardous waste" or terms of similar import under RCRA, (B) any waste meeting the identified characteristics of a "hazardous waste", "extremely hazardous waste" or "restricted hazardous waste" under the CHWCL, and/or (C) any and all other substances and materials defined or referred to as a "hazardous waste" or other term of similar import under any Hazardous Materials Laws.

(viii) "**Radioactive Materials**" means (A) any and all substances and materials the Handling of which requires an approval, consent, permit or license from the Nuclear Regulatory Commission, (B) any and all substances and materials the Handling of which requires a Radioactive Material License or other similar approval, consent, permit or license from the State of California, and (C) any and all other substances and materials defined or referred to as "radiation," a "radioactive material" or "radioactive waste," or any other term of similar import under any Hazardous Materials Laws, including (but not limited to) Title 26, California Code of Regulations Section 17-30100, and any statutes, regulations or other laws administered, enforced or promulgated by the Nuclear Regulatory Commission.

(ix) "**Release**" means any accidental or intentional spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leaching, migrating, dumping or

disposing into the air, land, surface water, groundwater or the environment (including without limitation the abandonment or discarding of receptacles containing any Hazardous Materials).

(x) "**Tenant's Contamination**" means any Hazardous Material Release on or about the Property by Tenant and/or any agents, employees, contractors, vendors, suppliers, licensees, subtenants, and invitees of Tenant (individually a "Tenant Party" and collectively, "Tenant Parties").

(xi) "**Landlord's Contamination**" means any Hazardous Materials which exist in, on, under or in the vicinity of the Project as of the date of this Lease or which migrate onto or beneath the Project after termination of this Lease. Tenant shall not be required to pay any costs with respect to the remediation or abatement of Landlord's Contamination.

(2) Handling of Hazardous Materials. The parties acknowledge that Tenant wishes and intends to use all or a portion of the Premises as a bio-pharmaceutical research, development preparation and dispensing facility and otherwise for the conduct by Tenant of its business in accordance with the use specified in Section 1.1(12), that such use, as conducted or proposed to be conducted by Tenant, would customarily include the Handling of Hazardous Materials, and that Tenant shall therefore be permitted to engage in the Handling in the Premises of necessary and reasonable quantities of Hazardous Materials customarily used in or incidental to the operation of a bio pharmaceutical research, development, preparation and dispensing facility and the other business operations of Tenant in the manner conducted or proposed to be conducted by Tenant hereunder ("**Permitted Hazardous Materials**"), provided that the Handling of such Permitted Hazardous Materials by all Tenant Parties shall at all times comply with and be subject to all provisions of this Lease and all Laws, including all Hazardous Materials Laws. Without limiting the generality of the foregoing, Tenant shall comply at all times with all Hazardous Materials Laws applicable to any aspect of Tenant's use of the Premises and the Project and of Tenant's operations and activities in, on and about the Premises and the Project, and shall ensure at all times that Tenant's Handling of Hazardous Materials in, on and about the Premises does not violate (x) the terms of any governmental licenses or permits applicable to the Building (including, but not limited to, the Building Discharge Permit as defined below) or Premises or to Tenant's Handling of any Hazardous Materials therein, or (y) any applicable requirements or restrictions relating to the occupancy classification of the Building and the Premises.

(3) Disposition or Emission of Hazardous Materials. Tenant shall not Release or dispose of any Hazardous Materials, except to the extent authorized by permit, at the Premises or on the Project, but instead shall arrange for off-site disposal, under Tenant's own name and EPA waste generator number (or other similar identifying information issued or prescribed by any other governmental authority with respect to Radioactive Materials, Biohazardous Materials or any other Hazardous Materials) and at Tenant's sole expense, in compliance with all applicable Hazardous Materials Laws, with the Laboratory Rules and Regulations (defined below) and with all other applicable Laws and regulatory requirements.

(4) Information Regarding Hazardous Materials. Tenant shall maintain and make available to Landlord the following information and/or documentation upon demand:

(i) An inventory of all Hazardous Materials that Tenant receives, uses, handles, generates, transports, stores, treats or disposes of from time to time, or at the time of preparation of such inventory proposes or expects to use, handle, generate, transport, store, treat or dispose of from time to time, in connection with its operations at the Premises. Such inventory shall include, but shall separately identify, any Hazardous Wastes, Biohazardous Materials and Radioactive Materials covered by the foregoing description. If such inventory includes any Biohazardous Materials, Tenant shall also disclose in writing to Landlord the Biosafety Level designation associated with the use of such materials.

(ii) Copies of all then existing permits, licenses, registrations and other similar documents issued by any governmental or quasi-governmental authority that authorize any Handling of Hazardous Materials in, on or about the Premises or the Project by any Tenant Party.

(iii) All Material Safety Data Sheets ("**MSDSs**"), if any, required to be completed with respect to operations of Tenant at the Premises from time to time in accordance with Title 26, California Code of Regulations Section 8-5194 or 42 U.S.C. Section 11021, or any amendments thereto, and any Hazardous Materials Inventory Sheets that detail the MSDSs.

(iv) All hazardous waste manifests (as defined in Title 26, California Code of Regulations Section 22-66481), if any, that Tenant is required to complete from time to time in connection with its operations at the Premises.

(v) A copy of any **"Hazardous Materials Business Plan"** required from time to time with respect to Tenant's operations at the Premises pursuant to California Health & Safety Code Sections 25500 et seq., and any regulations promulgated thereunder, as amended from time to time, or in connection with Tenant's application for a business license from the City of Berkeley. If applicable law does not require Tenant to prepare a Hazardous Materials Business Plan, Tenant shall furnish to Landlord at the times and in the manner set forth above the information that would customarily be contained in a Hazardous Materials Business Plan, including (but not limited to) information regarding Tenant's Hazardous Materials inventories. The parties acknowledge that a Hazardous Materials Business Plan would ordinarily include an emergency response plan, and that regardless of whether applicable Law requires Tenant or other tenants in the Building to prepare Hazardous Materials Business Plans, Landlord in its discretion may elect to prepare a coordinated emergency response plan for the entire Building and/or for multiple Buildings on the Project.

(vi) Any **"Contingency Plans and Emergency Procedures"** required of Tenant from time to time, in connection with its operations at the Premises, pursuant to applicable Law, Title 26, California Code of Regulations Sections 22-67140 et seq., and any amendments thereto, and any "Training Programs and Records" required under Title 26, California Code of Regulations Section 22-66493, and any amendments thereto from time to time. Landlord in its discretion may elect to prepare a Contingency Plan and Emergency Procedures for the entire Building and/or for multiple Buildings on the Project, in which event, if applicable law does not require Tenant to prepare a Contingency Plan and Emergency Procedures for its operations at the Premises, Tenant shall furnish to Landlord at the times and in the manner set forth above the information that would customarily be contained in a Contingency Plan and Emergency Procedures.

(vii) Copies of any biennial or other periodic reports furnished or required to be furnished to the California Department of Health Services from time to time, under applicable law, pursuant to Title 26, California Code of Regulations Section 22-66493 and any amendments thereto, relating to any Hazardous Materials.

(viii) Copies of any industrial wastewater discharge permits issued to or held by Tenant from time to time in connection with its operations at the Premises (the parties presently anticipate, however, that because of the existence of the Building Discharge Permit in Landlord's name as described above. Tenant will not be required to maintain a separate, individual discharge permit).

(ix) Copies of any other lists, reports, studies, or inventories of Hazardous Materials or of any subcategories of materials included in Hazardous Materials that Tenant is otherwise required to prepare and file from time to time with any governmental or quasi-governmental authority in connection with Tenant's operations at the Premises, including (but not limited to) reports filed by Tenant with the federal Food & Drug Administration or any other regulatory authorities primarily in connection with the presence (or lack thereof) of any "select agents" or other Biohazardous Materials on the Premises, together with proof of filing thereof.

(x) Any other information reasonably requested by Landlord in writing from time to time in connection with (A) Landlord's monitoring (in Landlord's reasonable discretion) and enforcement of Tenant's obligations under this Section and of compliance with applicable Laws in connection with any Handling or Release of Hazardous Materials in the Premises or Building or on or about the Project by any Tenant Party, (B) any inspections or enforcement actions by any governmental authority pursuant to any Hazardous Materials Laws or any other Laws relating to the presence or Handling of Hazardous Materials in the Premises or Building or on or about the Project by any Tenant Party, and/or (C) Landlord's preparation (in Landlord's discretion) and enforcement of any reasonable rules and procedures relating to the presence or Handling by Tenant or any Tenant Party of Hazardous Materials in the Premises or Building or on or about the Project, including (but not limited to) any contingency plans or emergency response plans as described above. Except as otherwise required by Law, Landlord shall keep confidential any information supplied to Landlord by Tenant pursuant to the foregoing, provided, however, that the foregoing shall not apply to any information filed with any governmental authority or available to the public at large. Landlord may provide such information to its lenders, consultants or investors provided such entities agree to keep such information confidential.

(5) Indemnification; Notice of Release. Tenant shall be responsible for and shall indemnify, defend and hold Landlord harmless from and against all Environmental Damages to the extent arising out of or otherwise relating to, (i) any Handling of Hazardous Materials by any Tenant Party in, on or about the Premises or the Project in violation of this Section, (ii) any breach of Tenant's obligations under this Section or of any Hazardous Materials Laws by any Tenant Party, or (iii) the existence of any Tenant Contamination in, on or about the Premises or the Project to the extent caused by any Tenant Party, including without limitation any removal, cleanup or restoration work and materials necessary to return the Project or any improvements of whatever nature located on the Project to the condition existing prior to the Handling of Hazardous

Materials in, on or about the Premises or the Project by any Tenant Party. In the event of any Tenant Contamination in, on or about the Premises or any other portion of the Project or any adjacent lands, Tenant shall promptly remedy the problem in accordance with all applicable Hazardous Materials Laws and Laws, shall give Landlord oral notice of any such non- standard or non-customary Release promptly after Tenant becomes aware of such Release, followed by written notice to Landlord within five (5) days after Tenant becomes aware of such Release, and shall furnish Landlord with concurrent copies of any and all notices, reports and other written materials filed by any Tenant Party with any governmental authority in connection with such Release. Landlord shall be responsible for and shall indemnify and hold Tenant harmless from and against all costs of any Environmental Damages which arise during the Term, as a result of the presence of, any Release of or the Handling of any Hazardous Material in, on, about or under the Building or Property, except to the extent provided for in this Section 7.1(d); provided that Tenant shall have the burden of reasonably demonstrating that such Hazardous Materials were not of the type used by Tenant in the Building or at the Project. Tenant shall be conclusively presumed to have met its burden to the extent that any Hazardous Materials are identified as being present in any environmental report or other data on the Commencement Date and are not used by Tenant. Tenant shall have no obligation to remedy any Hazardous Materials contamination which was not caused or released by a Tenant Party.

(6) Governmental Notices. Tenant shall promptly provide Landlord with copies of all notices received by Tenant relating to any actual or alleged presence or Handling by any Tenant Party of Hazardous Materials in, on or about the Premises or any other portion of the Project, including, without limitation, any notice of violation, notice of responsibility or demand for action from any federal, state or local governmental authority or official in connection with any actual or alleged presence or Handling by any Tenant Party of Hazardous Materials in or about the Premises or any other portion of the Project.

(7) Inspection by Landlord. In addition to, and not in limitation of, Landlord's rights under this Lease, upon reasonable prior request by Landlord, Tenant shall grant Landlord and its consultants, as well as any governmental authorities having jurisdiction over the Premises or over any aspect of Tenant's use thereof, reasonable access to the Premises at reasonable times to inspect Tenant's Handling of Hazardous Materials in, on and about the Premises, and Landlord shall not thereby incur any liability to Tenant or be deemed guilty of any disturbance of Tenant's use or possession of the Premises by reason of such entry; provided, however, that Landlord shall use reasonable efforts to minimize interference with Tenant's use of the Premises caused by such entry. Landlord shall comply with any security precaution reasonably imposed by Tenant during any entry onto the Premises and shall minimize to the extent reasonably possible any interference with Tenant's use of the Premises caused by such entry. Notwithstanding Landlord's rights of inspection and review of documents, materials and physical conditions under this Section with respect to Tenant's Handling of Hazardous Materials, Landlord shall have no duty or obligation to perform any such inspection or review or to monitor in any way any documents, materials, physical conditions or compliance with Laws in connection with Tenant's Handling of Hazardous Materials, and no third Party shall be entitled to rely on Landlord to conduct any such inspection, review or monitoring by reason of the provisions of this Section.

(8) Monitoring by Landlord. Landlord reserves the right to monitor, in Landlord's reasonable discretion and at Landlord's cost (the reasonable cost of which shall be

recoverable as an Operating Expense, except in the case of a breach of any of Tenant's obligations under this Section, in which event such monitoring costs may be charged back entirely to Tenant and shall be reimbursed by Tenant to Landlord within ten (10) days after written demand by Landlord from time to time, accompanied by supporting documentation reasonably evidencing the costs for which such reimbursement is claimed), at such times and from time to time as Landlord in its reasonable discretion may determine, through consultants engaged by Landlord or otherwise as Landlord in its reasonable discretion may determine, (x) all aqueous and atmospheric discharges and emissions from the Premises during the Term by a Tenant Party, (y) Tenant's compliance and the collective compliance of all tenants in the Building with requirements and restrictions relating to the occupancy classification of the Building (including, but not limited to, Hazardous Materials inventory levels of Tenant and all other tenants in the Building), and (z) Tenant's compliance with all other requirements of this Section.

(9) Discovery of Discharge. If Landlord, Tenant or any governmental or quasi-governmental authority discovers any Release from the Premises during the Term by a Tenant Party in violation of this Section that, in Landlord's reasonable determination, jeopardizes the ability of the Building or the Project to meet applicable Laws or otherwise adversely affects the Building's or the Project's compliance with applicable discharge or emission standards, or if Landlord discovers any other breach of Tenant's obligations under this Section, then upon receipt of written notice from Landlord or at such earlier time as Tenant obtains actual knowledge of the applicable discharge, emission or breach, Tenant at its sole expense shall within a reasonable time (x) in the case of a Release in violation of this Lease, cease the applicable discharge or emission and remediate any continuing effects of the discharge or emission until such time, if any, as Tenant demonstrates to Landlord's reasonable satisfaction that the applicable discharge or emission is in compliance with all applicable Laws and any other applicable regulatory commitments and obligations to the satisfaction of the appropriate governmental agency with jurisdiction over the Release, and (y) in the case of any other breach of Tenant's obligations under this Section, take such corrective measures as Landlord may reasonably request in writing in order to cure or eliminate the breach as promptly as practicable and to remediate any continuing effects of the breach.

(10) Post-Occupancy Study. No later than thirty (30) days prior to the Termination Date, Tenant at its sole cost and expense, shall obtain and deliver to Landlord an environmental study, performed by an expert reasonably satisfactory to Landlord, evaluating, the presence or absence of any Tenant Contamination in, on and about the Premises and the Project. Such study shall be based on a reasonable and prudent level of tests and investigations of the Premises and surrounding portions of the Project (if appropriate) which tests shall be conducted no earlier than fifteen (15) days prior to the Termination Date. Liability for any remedial actions required or recommended on the basis of such study shall be allocated in accordance with the applicable provisions of this Lease. To the extent any such remedial actions are the responsibility of Tenant, Tenant at its sole expense shall promptly commence and diligently pursue to completion the required remedial actions.

(11) Emergency Response Plans. If Landlord in its reasonable discretion adopts any emergency response plan and/or any Contingency Plan and Emergency Procedures for the Building or for multiple Buildings on the Project as contemplated above, Landlord shall provide copies of any such plans and procedures to Tenant and, so long as such plans and procedures

are reasonable, Tenant shall comply with all of the requirements of such plans and procedures to the extent applicable to Tenant and/or the Premises. If Landlord elects to adopt or materially modify any such plans or procedures that apply to the Building during the Term, Landlord shall consult with Tenant, and Tenant shall cooperate, in the preparation of such plans, procedures or modifications in efforts to accurately reflect and maintain consistency with Tenant's operations in the Premises, but Landlord alone shall determine, in its good faith reasonable discretion, the appropriate scope of such consultation and nothing in this paragraph shall be construed to give Tenant any right of approval or disapproval over Landlord's adoption or modification of any such plans or procedures.

(12) Radioactive Materials. Without limiting any other applicable provisions of this Section, if Tenant Handles or proposes to Handle any Radioactive Materials in or about the Premises, Tenant shall provide Landlord with copies of Tenant's licenses or permits for such Radioactive Materials and with copies of all radiation protection programs and procedures required under applicable Laws or otherwise adopted by Tenant from time to time in connection with Tenant's Handling of such Radioactive Materials. In addition, Tenant shall comply with any and all rules and procedures issued by Landlord in its good faith discretion from time to time with respect to the Handling of Radioactive Materials on the Project (such as, by way of example but not limitation, rules implementing a label defacement program for decayed waste destined for common trash and/or rules relating to transportation and storage of Radioactive Materials on the Project), provided that such rules and procedures shall be reasonable and not in conflict with any applicable Laws.

(13) Deemed Holdover Occupancy. Notwithstanding any other provisions of this Lease, Tenant expressly agrees as follows:

(i) If Tenant Handles any Radioactive Materials in or about the Premises or the Project during the Term, then for so long as any license or permit relating to such Radioactive Materials remains open or valid following the Termination Date, and another entity handling Radioactive Materials which is a prospective tenant of Landlord is legally prohibited from occupying a portion of the Premises for a use similar to Tenant's use, then Tenant shall be deemed to be occupying that portion of the Premises on a holdover basis without Landlord's consent (notwithstanding such otherwise applicable termination or expiration of the Term) and shall be required to continue to pay Rent and other charges in accordance with Article 13 solely for that portion of the Premises effected by the radioactive materials license, until such time as all such Radioactive Materials licenses and permits have been fully closed out in accordance with the requirements of this Lease and with all applicable Hazardous Materials Laws and other Laws.

(ii) If Tenant Handles any Hazardous Materials in or about the Premises or the Project during the Term and, on or before the Termination Date, has failed to remove from the Premises or the Project all known Hazardous Materials Handled by a Tenant Party or has failed to complete any remediation or removal of Tenant's Contamination and/or to have fully remediated in compliance with the requirements of this Lease and with all applicable Hazardous Materials Laws and any other applicable Laws, the Tenant's Handling and/or Release (if applicable) of any such Hazardous Materials during the Term, then for so long as such circumstances continue to exist, Tenant shall be deemed to be occupying the Premises on a holdover basis without Landlord's consent (notwithstanding such otherwise applicable termination or expiration of

the Term) and shall be required to continue pay Rent and other charges in accordance with Article 13 until such time as all such circumstances have been fully resolved in accordance with the requirements of this Lease and with all applicable Hazardous Materials Laws and other Laws.

(14) Survival of Obligations. Each party's obligations under this Section shall survive the Termination Date and shall survive any conveyance by Landlord of its interest in the Premises. The provisions of this Section and any exercise by either party of any of the rights and remedies contained herein shall be without prejudice to any other rights and remedies that such party may have under this Lease or under applicable Law with respect to any Environmental Conditions and/or any Hazardous Materials. Either party's exercise or failure to exercise, at any time or from time to time, any or all of the rights granted in this Section shall not in any way impose any liability on such party or shift from the other party to such party any responsibility or obligation imposed upon the other party under this Lease or under Hazardous Materials Laws, Environmental Conditions and/or compliance with Laws.

(15) Laboratory Rules and Regulations. Tenant agrees for itself and for its subtenants, employees, agents, and invitees to comply with the laboratory rules and regulations ("**Laboratory Rules and Regulations**") attached to this Lease as Exhibit C-1 and with all reasonable modifications and additions thereto which Landlord may make from time to time.

7.2 LANDLORD ACCESS TO PREMISES; APPROVALS

(a) Tenant shall permit Landlord to erect, use and maintain pipes, ducts, wiring and conduits in and through the Premises, so long as Tenant's use, layout or design of the Premises is not materially affected or altered. Landlord or Landlord's agents shall have the right to enter upon the Premises to perform janitorial and other routine services or in the event of an emergency, or, following no less than one (1) business day prior notice, to inspect the Premises, to conduct safety and other testing in the Premises, and to make such repairs, alterations, improvements or additions to the Premises or the Building or other parts of the Property as Landlord may deem necessary or desirable (including all alterations, improvements and additions in connection with a change in service provider or providers). Janitorial and cleaning services shall be performed after Standard Operating Hours. Any entry or work by Landlord in accordance with this Lease may be during Standard Operating Hours and Landlord shall use reasonable efforts to ensure that any entry or work shall not materially interfere with Tenant's occupancy of the Premises.

(b) Advance notice shall not be required for entry to perform routine janitorial and cleaning services or for entry in the event of an emergency or urgent situation, as reasonably determined by Landlord, but any other entry or work by Landlord shall be upon at least one (1) business day's prior notice to Tenant, which notice may be delivered orally or by e-mail to Tenant's on-site manager at the Premises. If Tenant shall not be personally present to permit an entry into the Premises when for any reason an entry therein shall be necessary or permissible, Landlord (or Landlord's agents), after attempting to notify Tenant (unless Landlord believes an emergency situation exists), may enter the Premises without rendering Landlord or its agents liable therefor, and without relieving Tenant of any obligations under this Lease.

(c) Landlord may enter the Premises for the purpose of conducting such inspections, tests and studies as Landlord may deem desirable or necessary to confirm Tenant's compliance

with all Laws and Hazardous Materials Laws or for other purposes necessary in Landlord's reasonable judgment to ensure the sound condition of the Property and the systems serving the Property. Landlord's rights under this Section 7.2(c) are for Landlord's own protection only, and Landlord has not, and shall not be deemed to have assumed, any responsibility to Tenant or any other party as a result of the exercise or non-exercise of such rights, for compliance with Laws or Hazardous Materials Laws or for the accuracy or sufficiency of any item or the quality or suitability of any item for its intended use.

(d) Landlord may do any of the foregoing, or undertake any of the inspection or work described in the preceding paragraphs without such action constituting an actual or constructive eviction of Tenant, in whole or in part, or giving rise to an abatement of Rent by reason of loss or interruption of business of Tenant, or otherwise.

(e) The review, approval or consent of Landlord with respect to any item required or permitted under this Lease is for Landlord's own protection only, and Landlord has not, and shall not be deemed to have assumed, any responsibility to Tenant or any other party, as a result of the exercise or non-exercise of such rights, for compliance with Laws or Hazardous Materials Laws or for the accuracy or sufficiency of any item or the quality or suitability of any item for its intended use.

7.3 QUIET ENJOYMENT

Landlord covenants, in lieu of any implied covenant of quiet possession or quiet enjoyment, that so long as Tenant is in compliance with the covenants and conditions set forth in this Lease, Tenant shall have the right to quiet enjoyment of the Premises without hindrance or interference from Landlord or those claiming through Landlord, and subject to the covenants and conditions set forth in this Lease and to the rights of any Mortgagee or ground lessor.

ARTICLE 8

MAINTENANCE

8.1 LANDLORD'S MAINTENANCE

Subject to the provisions of Articles 4 and 14, Landlord shall, as an Operating Expense, maintain and make necessary repairs to the foundations, roofs, exterior walls, and the structural elements of the Building, the electrical, plumbing, heating, ventilating, air-conditioning, mechanical, communication, security and the fire and life safety systems of the Building and those corridors, washrooms and lobbies which are Common Areas of the Building, except that: Landlord shall not be responsible for the maintenance or repair of any floor or wall coverings in the Premises or any of such systems which are located within the Premises and are supplemental or special to the Building's standard systems; and (b) the cost of performing any of said maintenance or repairs whether to the Premises or to the Building caused by the negligence of Tenant, its employees, agents, servants, licensees, subtenants, contractors or invitees, shall be paid by Tenant, subject to the waivers set forth in Section 16.4. Landlord shall not be liable to Tenant for any expense, injury, loss or damage resulting from work done in or upon, or in connection with the

use of, any adjacent or nearby building, land, street or alley, except to the extent arising from Landlord's gross negligence or willful misconduct.

8.2 TENANT'S MAINTENANCE

Tenant shall periodically inspect the Premises to identify any conditions that are dangerous or in need of maintenance or repair. Tenant shall promptly provide Landlord with notice of any such conditions. Tenant shall, at its sole cost and expense, perform all maintenance and repairs to the Premises that are not Landlord's express responsibility under this Lease, and keep the Premises in good condition and repair, reasonable wear and tear excepted. Tenant's repair and maintenance obligations include, without limitation, repairs to: (a) floor covering; interior partitions; (c) doors; (d) the interior side of demising walls; (e) electronic, phone and data cabling, wiring and related equipment that is installed by or for the exclusive benefit of Tenant (collectively, "Cable"); (f) supplemental air conditioning units, kitchens, including hot water heaters, plumbing, and similar facilities exclusively serving Tenant; and (g) Tenant Alterations. To the extent Landlord is not reimbursed by insurance proceeds, Tenant shall reimburse Landlord for the cost of repairing damage to the Building caused by the acts of Tenant, Tenant Related Parties and their respective contractors and vendors. All maintenance and repairs, including, but not limited to, janitorial and cleaning services, pest control and waste management and recycling performed by or on behalf of Landlord or Tenant must comply with the Project's Sustainability Practices and Tenant is strongly encouraged to comply with the applicable Green Building Standards. If Tenant fails to make any repairs to the Premises for more than fifteen (15) days after notice from Landlord (although notice shall not be required in an emergency), Landlord may make the repairs, and Tenant shall pay the reasonable cost of the repairs, together with an administrative charge in an amount equal to 15% of the cost of the repairs. Tenant hereby waives all right to make repairs at the expense of Landlord or in lieu thereof to vacate the Premises and its other similar rights as provided in California Civil Code Sections 1932(1), 1941 and 1942 or any other Laws (whether now or hereafter in effect). In addition to the foregoing, Tenant shall be responsible for all costs in connection with repairing all special tenant fixtures and improvements, including garbage disposals, showers, plumbing, and appliances.

ARTICLE 9

ALTERATIONS AND IMPROVEMENTS

9.1 TENANT ALTERATIONS

(a) The following provisions shall apply to the completion of any Tenant Alterations:

(1) Tenant shall not, except as provided herein, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, make or cause to be made any Tenant Alterations in or to the Premises or any Property systems serving the Premises. Prior to making any Tenant Alterations, Tenant shall give Landlord ten (10) days' prior written notice (or such earlier notice as would be necessary pursuant to applicable Law) to permit Landlord sufficient time to post appropriate notices of non-responsibility. Subject to all other requirements of this Article 9, Tenant may undertake Decoration work without Landlord's prior written consent. Tenant shall furnish Landlord with the names and addresses of all contractors and

subcontractors and copies of all contracts. All Tenant Alterations shall be completed at such time and in such manner as Landlord may from time to time designate, and only by contractors or mechanics approved by Landlord, which approval shall not be unreasonably withheld; provided, however, that Landlord may, in its sole discretion, specify the engineers and contractors to perform all work relating to the Building's systems (including the mechanical, heating, plumbing, security, ventilating, air-conditioning, electrical, communication and the fire and life safety systems in the Building). The contractors, mechanics and engineers who may be used are further limited to those whose work will not cause or threaten to cause disharmony or interference with Landlord or other tenants in the Building and their respective agents and contractors performing work in or about the Building. Landlord may further condition its consent upon Tenant furnishing to Landlord and Landlord approving prior to the commencement of any work or delivery of materials to the Premises related to the Tenant Alterations such of the following as specified by Landlord: architectural plans and specifications, opinions from Landlord's engineers stating that the Tenant Alterations will not in any way adversely affect the Building's systems, necessary permits and licenses, certificates of insurance, and such other documents in such form reasonably requested by Landlord. Landlord may, in the exercise of reasonable judgment, request that Tenant provide Landlord with appropriate evidence of Tenant's ability to complete and pay for the completion of the Tenant Alterations such as a performance bond or letter of credit. Upon completion of the Tenant Alterations, Tenant shall deliver to Landlord an as-built mylar and digitized (if available) set of plans and specifications for the Tenant Alterations.

(2) Tenant shall pay the cost of all Tenant Alterations and the cost of decorating the Premises and any work to the Property occasioned thereby. Upon completion of Tenant Alterations, Tenant shall furnish Landlord with contractors' affidavits and full and final waivers of lien and receipted bills covering all labor and materials expended and used in connection therewith and such other documentation reasonably requested by Landlord or Mortgagee.

(3) Tenant agrees to complete all Tenant Alterations (i) in accordance with all Laws, Hazardous Materials Laws, all requirements of applicable insurance companies and in accordance with Landlord's standard construction rules and regulations, (ii) in a good and workmanlike manner with the use of good grades of materials, and (iii) in accordance with the requirements of the Project's Sustainability Practices and Tenant is strongly encouraged to comply with the applicable Green Building Standards. Tenant shall notify Landlord immediately if Tenant receives any notice of violation of any Law in connection with completion of any Tenant Alterations and shall immediately take such steps as are necessary to remedy such violation. In no event shall such supervision or right to supervise by Landlord nor shall any approvals given by Landlord under this Lease constitute any warranty by Landlord to Tenant of the adequacy of the design, workmanship or quality of such work or materials for Tenant's intended use or of compliance with the requirements of Section 9.1(a)(3)(i) and (ii) above or impose any liability upon Landlord in connection with the performance of such work.

(b) All Tenant Additions, whether installed by Landlord or Tenant, shall without compensation or credit to Tenant, become part of the Premises and the property of Landlord at the time of their installation and shall remain in the Premises, unless pursuant to Article 12, Tenant may remove them or is required to remove them at Landlord's request.

9.2 LIENS

Tenant shall not permit any lien or claim for lien of any mechanic, laborer or supplier or any other lien to be filed against the Building, the Land, the Premises, or any other part of the Property arising out of work performed, or alleged to have been performed by, or at the direction of, or on behalf of Tenant. If any such lien or claim for lien is filed, Tenant shall within ten (10) days of receiving notice of such lien or claim (a) have such lien or claim for lien released of record or (b) deliver to Landlord a bond in form, content, amount, and issued by surety, satisfactory to Landlord, indemnifying, protecting, defending and holding harmless the Indemnitees against all costs and liabilities resulting from such lien or claim for lien and the foreclosure or attempted foreclosure thereof. If Tenant fails to take any of the above actions, Landlord, in addition to its rights and remedies under Article 11, without investigating the validity of such lien or claim for lien, may pay or discharge the same and Tenant shall, as payment of additional Rent hereunder, reimburse Landlord upon demand for the amount so paid by Landlord, including Landlord's expenses and attorneys' fees.

ARTICLE 10

ASSIGNMENT AND SUBLETTING

10.1 ASSIGNMENT AND SUBLETTING

(a) Without the prior written consent of Landlord, which consent of Landlord shall not be unreasonably withheld, conditioned or delayed, Tenant may not sublease, assign, mortgage, pledge, hypothecate or otherwise transfer or permit the transfer of this Lease or the encumbering of Tenant's interest therein in whole or in part, by operation of Law or otherwise or permit the use or occupancy of the Premises, or any part thereof, by anyone other than Tenant. Tenant agrees that the provisions governing sublease and assignment set forth in this Article 10 shall be deemed to be reasonable. If Tenant desires to enter into any sublease of the Premises or assignment of this Lease, Tenant shall deliver written notice thereof to Landlord ("Tenant's Notice"), together with the identity of the proposed subtenant or assignee and the proposed principal terms thereof and financial and other information sufficient for Landlord to make an informed judgment with respect to such proposed subtenant or assignee at least forty-five (45) days prior to the commencement date of the term of the proposed sublease or assignment. If Tenant proposes to sublease less than all of the Rentable Area of the Premises, the space proposed to be sublet and the space retained by Tenant must each be a marketable unit as reasonably determined by Landlord and otherwise in compliance with all Laws. Landlord shall notify Tenant in writing of its approval or disapproval of the proposed sublease or assignment or its decision to exercise its rights, if any, under Section 10.2 within ten (10) days after receipt of Tenant's Notice (and all required information). In the event Landlord fails to respond to Tenant's Notice within such ten (10) day period, then Tenant may deliver to Landlord a second (2nd) written request, which must contain the following inscription, in bold faced lettering: "SECOND NOTICE DELIVERED PURSUANT TO SECTION 10.1 OF THE LEASE - - FAILURE TO TIMELY RESPOND WITHIN THREE (3) BUSINESS DAYS SHALL RESULT IN DEEMED APPROVAL OF PROPOSED TRANSFER." If Landlord fails to respond within such three (3) business day period, then Landlord shall be deemed to have approved the proposed transfer that was the subject of such Tenant Notice. In no event may Tenant sublease any portion of the Premises or assign this Lease to any other tenant of the Project; and in no event may Tenant publicly offer or advertise all or any portion of the Premises for assignment or sublease at a rental rate less than that then sought by Landlord for a direct lease

(non-sublease) of comparable space in the Project. Tenant shall submit for Landlord's approval (which approval shall not be unreasonably withheld) any advertising which Tenant or its agents intend to use with respect to the space proposed to be sublet.

(b) With respect to Landlord's consent to an assignment or sublease, Landlord may take into consideration any factors that Landlord may deem relevant, and the reasons for which Landlord's denial shall be deemed to be reasonable shall include, without limitation, the following:

(i) the business reputation or creditworthiness of any proposed subtenant or assignee is not acceptable to Landlord; or

(ii) in Landlord's reasonable judgment the proposed assignee or sublessee would diminish the value or reputation of the Project or Landlord; or

(iii) any proposed assignee's or sublessee's use of the Premises would violate Section 7.1 of this Lease or would violate the provisions of any other leases of tenants in the Project; or

(iv) the proposed sublessee or assignee is a current occupant of the Project or a bona fide prospective tenant of Landlord in the Project as demonstrated by a written proposal dated within six (6) months prior to the date of Tenant's request and Landlord has vacancy in the Project of a similar size and finish as the space subject to such proposed sublease or assignment; or

(v) the proposed sublessee or assignee would materially increase the estimated pedestrian and vehicular traffic to and from the Premises and the Project above that deemed typical by Landlord for office/lab use in the Project; or

(vi) a Default by Tenant under this Lease shall be continuing.

(c) Any sublease or assignment shall be expressly subject to the terms and conditions of this Lease. Any subtenant or assignee shall execute such documents as Landlord may reasonably require to evidence such subtenant or assignee's assumption of the obligations and liabilities of Tenant under this Lease. Tenant shall deliver to Landlord a copy of all agreements executed by Tenant and the proposed subtenant and assignee with respect to the Premises. Landlord's approval of a sublease, assignment, hypothecation, transfer or third party use or occupancy shall not constitute a waiver of Tenant's obligation to obtain Landlord's consent to further assignments or subleases, hypothecations, transfers or third party use or occupancy.

(d) For purposes of this Article 10, an assignment shall be deemed to include a change in the majority control of Tenant, resulting from any transfer, sale or assignment of shares of stock of Tenant occurring by operation of Law or otherwise if Tenant is a corporation whose shares of stock are not traded publicly. If Tenant is a partnership, any change in the partners of Tenant shall be deemed to be an assignment.

(iv) For purposes of this Lease, a "Permitted Transferee" shall mean any Person which: (i) is an Affiliate; or (ii) is the corporation or other entity (the "Successor") resulting from a merger, consolidation or non-bankruptcy reorganization with Tenant; or (iii) is otherwise a deemed

assignee due to a change of control under Section 10.1(d) above; or (iv) purchases substantially all the assets of Tenant as a going concern (the "Purchaser"). Notwithstanding anything to the contrary in Sections 10.1(a) and (b) and 10.3, provided there is no uncured Default under this Lease, Tenant shall have the right, without the prior written consent of Landlord, to assign this Lease to a Permitted Transferee or to sublease the Premises or any part thereof to a Permitted Transferee provided that: (1) Landlord receives thirty (30) days' prior written notice of an assignment or sublease (including a proposed transaction described in subparts (i), (ii), (iii) or (iv) of this Section 10.1(e)); (2) with respect to an assignment of this Lease or a sublease of more than half the Premises to an entity described in subparts (ii) or of this Section 10.1(e), the Permitted Transferee's net worth is not less than Tenant's net worth immediately prior to such assignment or subletting; (3) with respect to an assignment of this Lease or a sublease of more than half the Premises to an entity described in subparts (i) or (iii) of this Section 10.1(e), Tenant (as the assignor or sublandlord) continues in existence with a net worth not less than Tenant's net worth immediately prior to such assignment or subletting; (4) the Permitted Transferee expressly assumes (except a Permitted Transferee which is a deemed assignee under subpart (iii) of this Section 10.1(e) or which is a sublessee in the event of a sublease under this Section 10.1(e)) in writing reasonably satisfactory to Landlord all of the obligations of Tenant under this Lease and delivers such assumption to Landlord no later than fifteen (15) days prior to the effective date of the assignment; (5) Landlord receives no later than five (5) days before the effective date a fully executed copy of the applicable assignment or sublease agreement between Tenant and the Permitted Transferee; (6) promptly after Landlord's written request, Tenant and the Permitted Transferee provide such reasonable documents and information which Landlord reasonably requests for the purpose of substantiating whether or not the assignment or sublease is to a Permitted Transferee; and (7) such transfer is not being entered into for the primary purpose of avoiding the requirement for Landlord's prior consent or the provisions of Sections 10.2 or 10.3. All determinations of net worth for purposes of this Subsection shall exclude any value attributable to goodwill or going concern value.

(e) With respect to any sublease hereunder, Tenant hereby irrevocably assigns to Landlord, effective upon any such sublease, all rent and other payments due from subtenant under the sublease, provided however, that Tenant shall have a license to collect such rent and other payments until the occurrence of a Default by Tenant under any of the provisions of this Lease. At any time after such Default, at Landlord's option, Landlord shall have the right to give notice to the subtenant of such assignment. Landlord shall credit Tenant with any rent received by Landlord under such assignment but the acceptance of any payment on account of rent from the subtenant as the result of any such default shall in no manner whatsoever serve to release Tenant from any liability under the terms, covenants, conditions, provisions or agreement under this Lease. No such payment of rent or any other payment by the subtenant directly to Landlord and/or acceptance of such payment(s) by Landlord, regardless of the circumstances or reasons therefor, shall in any manner whatsoever be deemed an attornment by the subtenant to Landlord in the absence of a specific written agreement signed by Landlord to such an effect.

10.2 RECAPTURE

Excluding any assignment or sublease contemplated in Section 10.1(e), Landlord shall have the option to exclude from the Premises covered by this Lease ("recapture") the space proposed to be sublet (but only if such sublet space, together with any other sublet space,

constitutes fifty percent (50%) or more of the total Rentable Area of the Premises) or to terminate this Lease in connection with a proposed assignment of Tenant's entire interest in this Lease, effective as of the proposed commencement date of such sublease or proposed effective date of such assignment. If Landlord elects to recapture, Tenant shall surrender possession of the space proposed to be subleased or subject to the assignment to Landlord on the effective date of recapture of such space from the Premises, such date being the Termination Date for such space, and Tenant shall have no further liability for the space that is subject to such recapture which liability would otherwise accrue following the Termination Date. Effective as of the date of recapture of any portion of the Premises pursuant to this section, the Monthly Base Rent, Rentable Area of the Premises and Tenant's Share shall be adjusted accordingly.

10.3 EXCESS RENT

Tenant shall pay Landlord on the first day of each month during the term of the sublease or assignment, fifty percent (50%) of the amount by which the sum of all rent and other consideration (direct or indirect) due from the subtenant or assignee for such month exceeds: (i) that portion of the Monthly Base Rent and Rent Adjustments due under this Lease for said month which is allocable to the space sublet or assigned; and (ii) the following costs and expenses for the subletting or assignment of such space: (1) brokerage commissions and attorneys' fees and expenses, (2) the actual costs paid in making any improvements or substitutions in the Premises required by any sublease or assignment; and (3) "free rent" periods, costs of any inducements or concessions given to subtenant or assignee, moving costs, and other amounts in respect of such subtenant's or assignee's other leases or occupancy arrangements. All such costs and expenses shall be amortized over the term of the sublease or assignment pursuant to sound accounting principles.

10.4 TENANT LIABILITY

In the event of any sublease or assignment, whether or not with Landlord's consent, Tenant shall not be released or discharged from any liability, whether past, present or future, under this Lease, including any liability arising from the exercise of any renewal or expansion option, to the extent such exercise is expressly permitted by Landlord. Tenant's liability shall remain primary, and in the event of default by any subtenant, assignee or successor of Tenant in performance or observance of any of the covenants or conditions of this Lease, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said subtenant, assignee or successor. After any assignment, Landlord may consent to subsequent assignments or subletting of this Lease, or amendments or modifications of this Lease with assignees of Tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto, and such action shall not relieve Tenant or any successor of Tenant of liability under this Lease. If Landlord grants consent to such sublease or assignment, Tenant shall pay all reasonable attorneys' fees and expenses incurred by Landlord with respect to such assignment or sublease. In addition, if Tenant has any options to extend the Term or to add other space to the Premises, such options shall not be available to any subtenant or assignee, directly or indirectly without Landlord's express written consent, which may be withheld in Landlord's sole discretion.

10.5 ASSUMPTION AND ATTORNMENT

If Tenant shall assign this Lease as permitted herein, the assignee shall expressly assume all of the obligations of Tenant hereunder in a written instrument satisfactory to Landlord and furnished to Landlord not later than fifteen (15) days prior to the effective date of the assignment. If Tenant shall sublease the Premises as permitted herein, Tenant shall, at Landlord's option, within fifteen (15) days following any request by Landlord, obtain and furnish to Landlord the written agreement of such subtenant to the effect that the subtenant will attorn to Landlord and will pay all sublease rent directly to Landlord.

10.6 PROCESSING EXPENSES

Tenant shall pay to Landlord, as Landlord's cost of processing each proposed assignment or subletting (whether or not the same is ultimately approved by Landlord or consummated by Tenant), an amount equal to the sum of (i) Landlord's reasonable attorneys' and other professional fees, plus (ii) the sum of $2,500.00 for the cost of Landlord's administrative, accounting and clerical time (collectively, "Processing Costs"). Notwithstanding anything to the contrary herein, Landlord shall not be required to process any request for Landlord's consent to an assignment or subletting until Tenant has paid to Landlord the amount of Landlord's estimate of the Processing Costs. When the actual amount of the Processing Costs is determined, it shall be reconciled with Landlord's estimate, and any payments or refunds required as a result thereof shall promptly thereafter be made by the parties.

10.7 EFFECT OF IMPERMISSIBLE TRANSFER

Any assignment or sublease effected without Landlord's consent in violation of this Article 10 shall, at Landlord's option, be a noncurable Default under Section 11.1 without the necessity of any notice and grace period.

ARTICLE 11

DEFAULT AND REMEDIES

11.1 EVENTS OF DEFAULT

The occurrence or existence of any one or more of the following shall constitute a "Default" by Tenant under this Lease:

(i) Tenant fails to pay any installment or other payment of Rent including Rent Adjustment Deposits or Rent Adjustments within five (5) days after the date when due;

(ii) Tenant fails to observe or perform any of the other covenants, conditions or provisions of this Lease or the Workletter and fails to cure such default within fifteen (15) days after written notice thereof to Tenant, unless the default involves a hazardous condition, which shall be cured forthwith or unless the failure to perform is a Default for which this Lease specifies there is no cure or grace period;

(iii) Tenant fails to maintain any insurance policy required hereunder, and fails to cure such default within five (5) days after written notice thereof to Tenant;

(iv) an assignment or sublease, or attempted assignment or sublease, of this Lease or the Premises by Tenant contrary to the provisions of Article 10, unless such assignment or sublease is expressly conditioned upon Tenant having received Landlord's consent thereto; or other legal process;

(v) the interest of Tenant in this Lease is levied upon under execution

(vi) a petition is filed by or against Tenant to declare Tenant bankrupt or seeking a plan of reorganization or arrangement under any Chapter of the Bankruptcy Act, or any amendment, replacement or substitution therefor, or to delay payment of, reduce or modify Tenant's debts, which in the case of an involuntary action is not discharged within thirty (30) days;

(vii) Tenant is declared insolvent by Law or any assignment of Tenant's property is made for the benefit of creditors;

(viii) a receiver is appointed for Tenant or Tenant's property, which appointment is not discharged within thirty (30) days;

(ix) any action taken by or against Tenant to reorganize or modify Tenant's capital structure in a materially adverse way which in the case of an involuntary action is not discharged within thirty (30) days;

(x) upon the dissolution of Tenant; or

(xi) upon the third occurrence during any consecutive 12-month period during the Term that Tenant fails to pay Rent when due or has breached a particular covenant of this Lease (whether or not such failure or breach is thereafter cured within any stated cure or grace period or statutory period).

11.2 LANDLORD'S REMEDIES

(a) A Default shall constitute a breach of this Lease for which Landlord shall have the rights and remedies set forth in this Section 11.2 and all other rights and remedies set forth in this Lease or now or hereafter allowed by Law, whether legal or equitable, and all rights and remedies of Landlord shall be cumulative and none shall exclude any other right or remedy now or hereafter allowed by applicable Law.

(b) With respect to a Default, at any time Landlord may terminate Tenant's right to possession by written notice to Tenant stating such election. Any written notice required pursuant to Section 11.1 shall constitute notice of unlawful detainer pursuant to California Code of Civil Procedure Section 1161 if, at Landlord's sole discretion, it states Landlord's election that Tenant's right to possession is terminated after expiration of any period required by Law or any longer period required by Section 11.1. Upon the expiration of the period stated in Landlord's written notice of termination (and unless such notice provides an option to cure within such period and Tenant cures the Default within such period), Tenant's right to possession shall terminate and this Lease shall terminate, and Tenant shall remain liable as hereinafter provided. Upon such termination in writing of Tenant's right to possession, Landlord shall have the right, subject to

applicable Law, to re-enter the Premises and dispossess Tenant and the legal representatives of Tenant and all other occupants of the Premises by unlawful detainer or other summary proceedings, or as otherwise permitted by Law, regain possession of the Premises and remove their property (including their trade fixtures, personal property and Required Removables pursuant to Article 12), but Landlord shall not be obligated to effect such removal, and such property may, at Landlord's option, be stored elsewhere, sold or otherwise dealt with as permitted by Law, at the risk of, expense of and for the account of Tenant, and the proceeds of any sale shall be applied pursuant to Law. Landlord shall in no event be responsible for the value, preservation or safekeeping of any such property. Tenant hereby waives all claims for damages that may be caused by Landlord's removing or storing Tenant's personal property pursuant to this Section or Section 12.1, and Tenant hereby indemnifies, and agrees to defend, protect and hold harmless, the Indemnitees from any and all loss, claims, demands, actions, expenses, liability and cost (including attorneys' fees and expenses) arising out of or in any way related to such removal or storage. Upon such written termination of Tenant's right to possession and this Lease, Landlord shall have the right to recover damages for Tenant's Default as provided herein or by Law, including the following damages provided by California Civil Code Section 1951.2:

(1) the worth at the time of award of the unpaid Rent which had been earned at the time of termination;

(2) 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 Rent loss that Tenant proves could reasonably have been avoided;

(3) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term of this Lease after the time of award exceeds the amount of such Rent loss that Tenant proves could be reasonably avoided; and

(4) 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, including, without limitation, Landlord's unamortized costs of tenant improvements, leasing commissions and legal fees incurred in connection with entering into this Lease.

The word "rent" as used in this Section 11.2 shall have the same meaning as the defined term Rent in this Lease. The "worth at the time of award" of the amount referred to in clauses (1) and (2) above is computed by allowing interest at the Default Rate. The worth at the time of award of the amount referred to in clause (3) above is 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%). For the purpose of determining unpaid Rent under clause (3) above, the monthly Rent reserved in this Lease shall be deemed to be the sum of the Monthly Base Rent, monthly storage space rent, if any, and the amounts last payable by Tenant as Rent Adjustments for the calendar year in which Landlord terminated this Lease as provided hereinabove.

(c) Even if Tenant is in Default and/or has abandoned the Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession by written notice as provided in Section 11.2(b) above, and Landlord may enforce all its rights and

remedies under this Lease, including the right to recover Rent as it becomes due under this Lease. In such event, Landlord shall have all of the rights and remedies of a landlord under California Civil Code Section 1951.4 (lessor may continue Lease in effect after Tenant's Default and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations), or any successor statute. During such time as Tenant is in Default, if Landlord has not terminated this Lease by written notice and if Tenant requests Landlord's consent to an assignment of this Lease or a sublease of the Premises, such consent shall be governed by the terms and conditions of Article 10 above, and Tenant acknowledges and agrees that the provisions of Article 10 shall be deemed to constitute reasonable limitations of Tenant's right to assign or sublet. Tenant acknowledges and agrees that in the absence of written notice pursuant to Section 11.2(b) above terminating Tenant's right to possession, no other act of Landlord shall constitute a termination of Tenant's right to possession or an acceptance of Tenant's surrender of the Premises, including acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon initiative of Landlord to protect Landlord's interest under this Lease or the withholding of consent to a subletting or assignment, or terminating a subletting or assignment, if in accordance with other provisions of this Lease.

(d) In the event that Landlord seeks an injunction with respect to a breach or threatened breach by Tenant of any of the covenants, conditions or provisions of this Lease, Tenant agrees to pay the premium for any bond required in connection with such injunction.

(e) Tenant hereby waives any and all rights to relief from forfeiture, redemption or reinstatement granted by Law (including California Civil Code of Procedure Sections 1174 and 1179) in the event of Tenant being evicted or dispossessed for any cause or in the event of Landlord obtaining possession of the Premises by reason of Tenant's Default or otherwise;

(f) Notwithstanding any other provision of this Lease, a notice to Tenant given under this Article and Article 24 of this Lease or given pursuant to California Code of Civil Procedure Section 1161, and any notice served by mail, shall be deemed served, and the requisite waiting period deemed to begin under said Code of Civil Procedure Section upon mailing (except as may be required under Code of Civil Procedure Section 1161 et seq.), without any additional waiting requirement under Code of Civil Procedure Section 1011 et seq. or by other Law. For purposes of Code of Civil Procedure Section 1162, Tenant's "place of residence", "usual place of business", "the property" and "the place where the property is situated" shall mean and be the Premises, whether or not Tenant has vacated same at the time of service.

(g) The voluntary or other surrender or termination of this Lease, or a mutual termination or cancellation thereof, shall not work a merger and shall terminate all or any existing assignments, subleases, subtenancies or occupancies permitted by Tenant, except if and as otherwise specified in writing by Landlord.

(h) No delay or omission in the exercise of any right or remedy of Landlord upon any default by Tenant, and no exercise by Landlord of its rights pursuant to Section 26.16 to perform any duty which Tenant fails timely to perform, shall impair any right or remedy or be construed as a waiver. No provision of this Lease shall be deemed waived by Landlord unless such waiver is in writing signed by Landlord. The waiver by Landlord of any breach of any provision of this Lease

shall not be deemed a waiver of any subsequent breach of the same or any other provision of this Lease.

11.3 ATTORNEY'S FEES

In the event any party brings any suit or other proceeding with respect to the subject matter or enforcement of this Lease, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover attorneys' fees, expenses and costs of investigation as actually incurred, including court costs, expert witness fees, costs and expenses of investigation, and all attorneys' fees, costs and expenses in any such suit or proceeding (including in any action or participation in or in connection with any case or proceeding under the Bankruptcy Code, 11 United States Code Sections 101 et seq., or any successor statutes, in establishing or enforcing the right to indemnification, in appellate proceedings, or in connection with the enforcement or collection of any judgment obtained in any such suit or proceeding).

11.4 BANKRUPTCY

The following provisions shall apply in the event of the bankruptcy or insolvency of Tenant:

(a) In connection with any proceeding under Chapter 7 of the Bankruptcy Code where the trustee of Tenant elects to assume this Lease for the purposes of assigning it, such election or assignment, may only be made upon compliance with the provisions of (b) and below, which conditions Landlord and Tenant acknowledge to be commercially reasonable. In the event the trustee elects to reject this Lease then Landlord shall immediately be entitled to possession of the Premises without further obligation to Tenant or the trustee.

(b) Any election to assume this Lease under Chapter 11 or 13 of the Bankruptcy Code by Tenant as debtor-in-possession or by Tenant's trustee (the "Electing Party") must provide for:

The Electing Party to cure or provide to Landlord adequate assurance that it will cure all monetary defaults under this Lease within fifteen (15) days from the date of assumption and that it will cure all nonmonetary defaults under this Lease within thirty (30) days from the date of assumption. Landlord and Tenant acknowledge such condition to be commercially reasonable.

(c) If the Electing Party has assumed this Lease or elects to assign Tenant's interest under this Lease to any other person, such interest may be assigned only if the intended assignee has provided adequate assurance of future performance (as herein defined), of all of the obligations imposed on Tenant under this Lease.

For the purposes hereof, "adequate assurance of future performance" means that Landlord has ascertained that each of the following conditions has been satisfied:

(i) The assignee has submitted a current financial statement, certified by its chief financial officer, which shows a net worth and working capital in amounts sufficient to assure the future performance by the assignee of Tenant's obligations under this Lease; and

(ii) Landlord has obtained consents or waivers from any third parties that may be required under a lease, mortgage, financing arrangement, or other agreement by which Landlord is bound, to enable Landlord to permit such assignment.

(d) Landlord's acceptance of rent or any other payment from any trustee, receiver, assignee, person, or other entity will not be deemed to have waived, or waive, the requirement of Landlord's consent, Landlord's right to terminate this Lease for any transfer of Tenant's interest under this Lease without such consent, or Landlord's claim for any amount of Rent due from Tenant.

11.5 LANDLORD'S DEFAULT

Landlord shall be in default hereunder in the event Landlord has not commenced and pursued with reasonable diligence the cure of any failure of Landlord to meet its obligations hereunder within thirty (30) days after the receipt by Landlord of written notice from Tenant of the alleged failure to perform. Failure to provide the requisite notice and cure period by Tenant under this paragraph shall be an absolute defense by Landlord against any claims for failure to perform any of its obligations. In no event shall Tenant have the right to terminate or rescind this Lease as a result of Landlord's default as to any covenant or agreement contained in this Lease. Tenant hereby waives such remedies of termination and rescission and hereby agrees that Tenant's remedies for default hereunder and for breach of any promise or inducement shall be limited to a suit for damages and/or injunction. In addition, Tenant hereby covenants that, prior to the exercise of any such remedies, it will give any Mortgagee notice and a reasonable time to cure any default by Landlord.

ARTICLE 12

SURRENDER OF PREMISES

12.1 IN GENERAL

Upon the Termination Date, Tenant shall surrender and vacate the Premises immediately and deliver possession thereof to Landlord in a clean, good and tenantable condition as existed on the Commencement Date, ordinary wear and tear, and damage caused by Landlord excepted. Tenant shall deliver to Landlord all keys to the Premises. All improvements in and to the Premises, including any Tenant Alterations (collectively, "Leasehold Improvements") shall remain upon the Premises at the end of the Term without compensation to Tenant. Landlord, however, by written notice to Tenant at least 30 days prior to the Termination Date, may require Tenant, at its expense, to remove (a) any Cable, and (b) any Landlord Work or Tenant Alterations that, in Landlord's reasonable judgment, are of a nature that would require removal and repair costs that are materially in excess of the removal and repair costs associated with standard laboratory and office improvements, as applicable (collectively referred to as "Required Removables"). Required Removables shall include, without limitation, internal stairways, raised floors, personal baths and showers, vaults, rolling file systems and structural alterations and modifications. The designated Required Removables shall be removed by Tenant before the Termination Date. Tenant's removal and disposal of items pursuant to this Paragraph 12 must comply with the Project's Sustainability Practices and Tenant is strongly encouraged to comply with the applicable Green

Building Standards. Tenant shall repair damage caused by the installation or removal of Required Removables. If Tenant fails to perform its obligations in a timely manner, Landlord may perform such work at Tenant's expense. Tenant, at the time it requests approval for a proposed Tenant Alteration, may request in writing that Landlord advise Tenant whether the proposed Tenant Alteration or any portion of the proposed Tenant Alteration is a Required Removable. Within 10 days after receipt of Tenant's request, Landlord shall advise Tenant in writing as to which portions of the proposed Tenant Alterations are Required Removables. If any of the Tenant Additions which were installed by Tenant involved the lowering of ceilings, raising of floors or the installation of specialized wall or floor coverings or lights, then Tenant shall also be obligated to return such surfaces to their condition prior to the commencement of this Lease. Tenant shall also be required to close any staircases or other openings between floors. In the event possession of the Premises is not delivered to Landlord when required hereunder, or if Tenant shall fail to remove those items described above, Landlord may (but shall not be obligated to), at Tenant's expense, remove any of such property and store, sell or otherwise deal with such property, and undertake, at Tenant's expense, such restoration work as Landlord deems necessary or advisable.

12.2 LANDLORD'S RIGHTS

All property which may be removed from the Premises by Landlord shall be conclusively presumed to have been abandoned by Tenant and Landlord may deal with such property as provided in Section 11.2(b), including the waiver and indemnity obligations provided in that Section. Tenant shall also reimburse Landlord for all costs and expenses incurred by Landlord in removing any Tenant Additions and in restoring the Premises to the condition required by this Lease.

ARTICLE 13 HOLDING OVER

In the event that Tenant holds over in possession of the Premises after the Termination Date, for each month or partial month Tenant holds over possession of the Premises. Tenant shall pay Landlord 150% of the monthly Rent payable for the month immediately preceding the holding over (including increases for Rent Adjustments which Landlord may reasonably estimate). Tenant shall also pay all damages, including consequential damages, sustained by Landlord by reason of such holding over. The provisions of this Article shall not constitute a waiver by Landlord of any re-entry rights of Landlord, and Tenant's continued occupancy of the Premises shall be as a tenancy in sufferance.

ARTICLE 14

DAMAGE BY FIRE OR OTHER CASUALTY

14.1 SUBSTANTIAL UNTENANTABILITY

(a) If any fire or other casualty (whether insured or uninsured) renders all or a substantial portion of the Premises or the Building untenantable, Landlord shall, with reasonable promptness after the occurrence of such damage, estimate the length of time that will be required to substantially complete the repair and restoration and shall, by notice advise Tenant of such

estimate ("Landlord's Notice"). If Landlord reasonably estimates that the amount of time required to substantially complete such repair and restoration will exceed one hundred eighty (180) days from the date such damage occurred, then Landlord, or Tenant if all or a substantial portion of the Premises is rendered untenantable, shall have the right to terminate this Lease as of the date of such damage by delivering written notice to the other at any time within twenty (20) days after delivery of Landlord's Notice, provided that if Landlord so chooses, Landlord's Notice may also constitute such notice of termination.

(b) Unless this Lease is terminated as provided in the preceding subparagraph, Landlord shall proceed with reasonable promptness to repair and restore the Premises to its condition as existed prior to such casualty, subject to reasonable delays for insurance adjustments and Force Majeure delays, and also subject to zoning Laws and building codes then in effect. Landlord shall have no liability to Tenant, and Tenant shall not be entitled to terminate this Lease if such repairs and restoration are not in fact completed within the time period estimated by Landlord so long as Landlord shall proceed with reasonable diligence to complete such repairs and restoration.

(c) Tenant acknowledges that Landlord shall be entitled to the full proceeds of any insurance coverage, whether carried by Landlord or Tenant, for damages to the Premises, except for those proceeds of Tenant's insurance of its own personal property and equipment which would be removable by Tenant at the Termination Date. All such insurance proceeds shall be payable to Landlord whether or not the Premises are to be repaired and restored, provided, however, if this Lease is not terminated and the parties proceed to repair and restore Tenant Additions at Tenant's cost, to the extent Landlord received proceeds of Tenant's insurance covering Tenant Additions, such proceeds shall be applied to reimburse Tenant for its cost of repairing and restoring Tenant Additions.

(d) Notwithstanding anything to the contrary herein set forth: (i) Landlord shall have no duty pursuant to this Section to repair or restore any portion of any Tenant Additions or to expend for any repair or restoration of the Premises or Building in amounts in excess of insurance proceeds paid to Landlord and available for repair or restoration; and (ii) Tenant shall not have the right to terminate this Lease pursuant to this Section if any damage or destruction was caused by the act or neglect of Tenant, its agent or employees. Whether or not this Lease is terminated pursuant to this Article 14, in no event shall Tenant be entitled to any compensation or damages from Landlord or any Indemnitees for loss of the use of the whole or any part of the Premises or for any inconvenience or annoyance occasioned by any such damage, destruction, rebuilding or restoration of the Premises or the Building or access thereto.

(e) Any repair or restoration of the Premises performed by Tenant shall be in accordance with the provisions of Article 9 hereof.

14.2 INSUBSTANTIAL UNTENANTABILITY

If the Premises or the Building is damaged by a casualty but neither is rendered substantially untenantable and Landlord reasonably estimates that the time to substantially complete the repair or restoration will not exceed one hundred eighty (180) days from the date such damage occurred, then Landlord shall proceed to repair and restore the Building or the Premises other

than Tenant Additions, with reasonable promptness, unless such damage is to the Premises and occurs during the last six (6) months of the Term, in which event either Tenant or Landlord shall have the right to terminate this Lease as of the date of such casualty by giving written notice thereof to the other within twenty (20) days after the date of such casualty. Notwithstanding the aforesaid, Landlord's obligation to repair shall be limited in accordance with the provisions of Section 14.1 above.

14.3 RENT ABATEMENT

Except for the negligence or willful act of Tenant or its agents, employees, contractors or invitees, if all or any part of the Premises are rendered untenantable by fire or other casualty and this Lease is not terminated, Monthly Base Rent and Rent Adjustments shall abate for that part of the Premises which is untenantable on a per diem basis from the date of the casualty until Landlord has Substantially Completed the repair and restoration work in the Premises which it is required to perform, provided, that as a result of such casualty, Tenant does not occupy the portion of the Premises which is untenantable during such period.

14.4 WAIVER OF STATUTORY REMEDIES

The provisions of this Lease, including this Article 14, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, the Premises or the Property or any part of either, and any Law, including Sections 1932(2), 1933(4), 1941 and 1942 of the California Civil Code, with respect to any rights or obligations concerning damage or destruction shall have no application to this Lease or to any damage to or destruction of all or any part of the Premises or the Property or any part of either, and are hereby waived.

ARTICLE 15

EMINENT DOMAIN

15.1 TAKING OF WHOLE OR SUBSTANTIAL PART

In the event the whole or any substantial part of the Building or of the Premises is taken or condemned by any competent authority for any public use or purpose (including a deed given in lieu of condemnation) and is thereby rendered untenantable, this Lease shall terminate as of the date title vests in such authority, and Monthly Base Rent and Rent Adjustments shall be apportioned as of the Termination Date. Notwithstanding anything to the contrary herein set forth, in the event the taking is temporary (for less than the remaining Term of this Lease), Landlord may elect either (i) to terminate this Lease or (ii) permit Tenant to receive the entire award attributable to the Premises in which case Tenant shall continue to pay Rent and this Lease shall not terminate.

15.2 TAKING OF PART

In the event a part of the Building or the Premises is taken or condemned by any competent authority (or a deed is delivered in lieu of condemnation) and this Lease is not terminated, this Lease shall be amended to reduce or increase, as the case may be, the Monthly Base Rent and Tenant's Share to reflect the Rentable Area of the Premises or Building, as the

case may be, remaining after any such taking or condemnation. Landlord, upon receipt and to the extent of the award in condemnation (or proceeds of sale) shall make necessary repairs and restorations to the Premises (exclusive of Tenant Additions) and to the Building to the extent necessary to constitute the portion of the Building not so taken or condemned as a complete architectural and economically efficient unit. Notwithstanding the foregoing, if as a result of any taking, or a governmental order that the grade of any street or alley adjacent to the Building is to be changed and such taking or change of grade makes it necessary or desirable to substantially remodel or restore the Building or prevents the economical operation of the Building, Landlord shall have the right to terminate this Lease upon ninety (90) days' prior written notice to Tenant.

15.3 COMPENSATION

Landlord shall be entitled to receive the entire award (or sale proceeds) from any such taking, condemnation or sale without any payment to Tenant, and Tenant hereby assigns to Landlord, Tenant's interest, if any, in such award; provided, however, Tenant shall have the right separately to pursue against the condemning authority a separate award in respect of the loss, if any, to Tenant Additions paid for by Tenant without any credit or allowance from Landlord so long as there is no diminution of Landlord's award as a result.

ARTICLE 16

INSURANCE

16.1 TENANT'S INSURANCE

Tenant, at Tenant's expense, agrees to maintain in force, with a company or companies acceptable to Landlord, during the Term: (a) Commercial General Liability Insurance on a primary basis and without any right of contribution from any insurance carried by Landlord covering the Premises on an occurrence basis against all claims for personal injury, bodily injury, death and property damage, including contractual liability covering the indemnification provisions in this Lease, and such insurance shall be for such limits that are reasonably required by Landlord from time to time but not less than a combined single limit of Five Million Dollars ($5,000,000.00); (b) Workers' Compensation and Employers' Liability Insurance to the extent required by and in accordance with the Laws of the State of California; (c) "All Risks" property insurance in an amount adequate to cover the full replacement cost of all Tenant Additions, equipment, installations, fixtures and contents of the Premises in the event of loss; (d) in the event a motor vehicle is to be used by Tenant in connection with its business operation from the Premises, Comprehensive Automobile Liability Insurance coverage with limits of not less than One Million Dollars ($1,000,000.00) combined single limit coverage against bodily injury liability and property damage liability arising out of the use by or on behalf of Tenant, its agents and employees in connection with this Lease, of any owned, non-owned or hired motor vehicles; and (e) such other insurance or coverages as Landlord reasonably requires.

16.2 FORM OF POLICIES

Each policy referred to in Section 16.1 shall satisfy the following requirements. Each policy shall (i) name Landlord and the Indemnitees as additional insureds (except Workers'

Compensation and Employers' Liability Insurance), (ii) be issued by one or more responsible insurance companies licensed to do business in the State of California reasonably satisfactory to Landlord, (iii) where applicable, provide for deductible amounts satisfactory to Landlord and not permit co-insurance, and (iv) each policy of "All-Risks" property insurance shall provide that the policy shall not be invalidated should the insured waive in writing prior to a loss, any or all rights of recovery against any other party for losses covered by such policies. Tenant shall deliver to Landlord, certificates of insurance (and at Landlord's request, copies of all policies and renewals thereof to be maintained by Tenant hereunder), prior to Tenant's entry into the Premises and prior to the expiration date of each policy. Additionally, Tenant shall provide Landlord written notice of any cancelation or amendment of any such insurance within two (2) business days following Tenant's knowledge of the same. If Tenant fails to carry the insurance required under this Article 16 or fails to provide certificates of renewal as and when required hereunder, Landlord may, but shall not be obligated to acquire such insurance on Tenant's behalf or Tenant's sole cost and expense.

16.3 LANDLORD'S INSURANCE

Landlord agrees to purchase and keep in full force and effect during the Term hereof, including any extensions or renewals thereof, insurance under policies issued by insurers of recognized responsibility, qualified to do business in the State of California on the Building in amounts not less than the full replacement cost (without depreciation) of the Building (above foundations and excluding Tenant Additions), against fire and such other risks as may be included in standard forms of "All Risk" coverage insurance reasonably available from time to time. Landlord agrees to maintain in force during the Term, Commercial General Liability Insurance covering the Building on an occurrence basis against all claims for personal injury, bodily injury, death, and property damage. Such insurance shall be for a combined single limit of not less than Three Million and No/100 Dollars ($3,000,000.00). Neither Landlord's obligation to carry such insurance nor the carrying of such insurance shall be deemed to be an indemnity by Landlord with respect to any claim, liability, loss, cost or expense due, in whole or in part, to Tenant's negligent acts or omissions or willful misconduct. Without obligation to do so, Landlord may, in its sole discretion from time to time, carry insurance in amounts greater and/or for coverage additional to the coverage and amounts set forth above.

16.4 WAIVER OF SUBROGATION

(a) Landlord agrees that, if obtainable at no, or minimal, additional cost, and so long as the same is permitted under the laws of the State of California, it will include in its "All Risks" policies appropriate clauses pursuant to which the insurance companies (i) waive all right of subrogation against Tenant with respect to losses payable under such policies and/or (ii) agree that such policies shall not be invalidated should the insured waive in writing prior to a loss any or all right of recovery against any party for losses covered by such policies.

(b) Tenant agrees to include, if obtainable at no, or minimal, additional cost, and so long as the same is permitted under the laws of the State of California, in its "All Risks" insurance policy or policies on Tenant Additions, whether or not removable, and on Tenant's furniture, furnishings, fixtures and other property removable by Tenant under the provisions of this Lease appropriate clauses pursuant to which the insurance company or companies (i) waive the

right of subrogation against Landlord and/or any tenant of space in the Building with respect to losses payable under such policy or policies and/or (ii) agree that such policy or policies shall not be invalidated should the insured waive in writing prior to a loss any or all right of recovery against any party for losses covered by such policy or policies. If Tenant is unable to obtain in such policy or policies either of the clauses described in the preceding sentence, Tenant shall, if legally possible and without necessitating a change in insurance carriers, have Landlord named in such policy or policies as an additional insured. If Landlord shall be named as an additional insured in accordance with the foregoing, Landlord agrees to endorse promptly to the order of Tenant, without recourse, any check, draft, or order for the payment of money representing the proceeds of any such policy or representing any other payment growing out of or connected with said policies, and Landlord does hereby irrevocably waive any and all rights in and to such proceeds and payments.

(c) Provided that Landlord's right of full recovery under its policy or policies aforesaid is not adversely affected or prejudiced thereby, Landlord hereby waives any and all right of recovery which it might otherwise have against Tenant, its servants, agents and employees, for loss or damage occurring to the Real Property and the fixtures, appurtenances and equipment therein, to the extent the same is covered by Landlord's insurance, notwithstanding that such loss or damage may result from the negligence or fault of Tenant, its servants, agents or employees. Provided that Tenant's right of full recovery under its aforesaid policy or policies is not adversely affected or prejudiced thereby, Tenant hereby waives any and all right of recovery which it might otherwise have against Landlord, its servants, and employees and against every other tenant of the Real Property who shall have executed a similar waiver as set forth in this Section 16.4(c) for loss or damage to Tenant Additions, whether or not removable, and to Tenant's furniture, furnishings, fixtures and other property removable by Tenant under the provisions hereof to the extent the same is coverable by Tenant's insurance required under this Lease, notwithstanding that such loss or damage may result from the negligence or fault of Landlord, its servants, agents or employees, or such other tenant and the servants, agents or employees thereof.

(d) Landlord and Tenant hereby agree to advise the other promptly if the clauses to be included in their respective insurance policies pursuant to subparagraphs (a) and (b) above cannot be obtained on the terms hereinbefore provided and thereafter to furnish the other with a certificate of insurance or copy of such policies showing the naming of the other as an additional insured, as aforesaid. Landlord and Tenant hereby also agree to notify the other promptly of any cancellation or change of the terms of any such policy that would affect such clauses or naming. All such policies which name both Landlord and Tenant as additional insureds shall, to the extent obtainable, contain agreements by the insurers to the effect that no act or omission of any additional insured will invalidate the policy as to the other additional insureds.

16.5 NOTICE OF CASUALTY

Tenant shall give Landlord notice in case of a fire or accident in the Premises promptly after Tenant is aware of such event.

ARTICLE 17

WAIVER OF CLAIMS AND INDEMNITY

17.1 WAIVER OF CLAIMS

To the extent permitted by Law, Tenant hereby releases the Indemnitees from, and waives all claims for, damage to person or property sustained by Tenant or any occupant of the Premises or the Property resulting directly or indirectly from any existing or future condition, defect, matter or thing in and about the Premises or the Property or any part of either or any equipment or appurtenance therein, or resulting from any accident in or about the Premises or the Property, or resulting directly or indirectly from any act or neglect of any tenant or occupant of the Property or of any other person, including Landlord's agents and servants, except to the extent caused by the gross negligence or willful and wrongful act of any of the Indemnitees. To the extent permitted by Law, Tenant hereby waives any consequential damages, compensation or claims for inconvenience or loss of business, rents, or profits as a result of such injury or damage, whether or not caused by the gross negligence or willful and wrongful act of any of the Indemnitees. If any such damage, whether to the Premises or the Property or any part of either, or whether to Landlord or to other tenants in the Property, results from any act or neglect of Tenant, its employees, servants, agents, contractors, invitees or customers, Tenant shall be liable therefor and Landlord may, at Landlord's option, repair such damage and Tenant shall, upon demand by Landlord, as payment of additional Rent hereunder, reimburse Landlord within ten (10) days of demand for the total cost of such repairs, in excess of amounts, if any, paid to Landlord under insurance covering such damages. Tenant shall not be liable for any such damage caused by its acts or neglect if Landlord or a tenant has recovered the full amount of the damage from proceeds of insurance policies and the insurance company has waived its right of subrogation against Tenant.

17.2 INDEMNITY BY TENANT

To the extent permitted by Law, Tenant hereby indemnifies, and agrees to protect, defend and hold the Indemnitees harmless, against any and all actions, claims, demands, liability, costs and expenses, including attorneys' fees and expenses for the defense thereof, arising from Tenant's occupancy of the Premises, from the undertaking of any Tenant Additions or repairs to the Premises, from the conduct of Tenant's business on the Premises, or from any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to the terms of this Lease, or from any willful act or negligence of Tenant, its agents, contractors, servants, employees, customers or invitees, in or about the Premises or the Property or any part of either. In case of any action or proceeding brought against the Indemnitees by reason of any such claim, upon notice from Landlord, Tenant covenants to defend such action or proceeding by counsel chosen by Landlord, in Landlord's sole discretion. Landlord reserves the right to settle, compromise or dispose of any and all actions, claims and demands related to the foregoing indemnity. The foregoing indemnity shall not operate to relieve Indemnitees of liability to the extent such liability is caused by the willful and wrongful act of Indemnitees. Further, the foregoing indemnity is subject to and shall not diminish any waivers in effect in accordance with Section 16.4 by Landlord or its insurers to the extent of amounts, if any, paid to Landlord under its "All-Risks" property insurance. This Article 17 shall survive the expiration or earlier termination of this Lease.

17.3 WAIVER OF CONSEQUENTIAL DAMAGES

To the extent permitted by law, Tenant hereby waives and releases the Indemnitees from any consequential damages, compensation or claims for inconvenience or loss of business, rents or profits as a result of any injury or damage, whether or not caused by the willful and wrongful act of any of the Indemnitees.

ARTICLE 18

RULES AND REGULATIONS

18.1 RULES

Tenant agrees for itself and for its subtenants, employees, agents, and invitees to comply with the rules and regulations listed on Exhibit C-2 attached hereto and with all reasonable modifications and additions thereto which Landlord may make from time to time.

18.2 ENFORCEMENT

Nothing in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the rules and regulations as set forth on Exhibit C-2 or as hereafter adopted, or the terms, covenants or conditions of any other lease as against any other tenant, and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees. Landlord shall use reasonable efforts to enforce the rules and regulations of the Project in a uniform and non-discriminatory manner.

ARTICLE 19

LANDLORD'S RESERVED RIGHTS

Landlord shall have the following rights exercisable without notice to Tenant and without liability to Tenant for damage or injury to persons, property or business and without being deemed an eviction or disturbance of Tenant's use or possession of the Premises or giving rise to any claim for offset or abatement of Rent: (1) to change the Building's name or street address upon thirty (30) days' prior written notice to Tenant; (2) subject to Tenant's rights set forth in the Rider attached to this Lease, to install, affix and maintain all signs on the exterior and/or interior of the Building; (3) to designate and/or approve prior to installation, all types of signs, window shades, blinds, drapes, awnings or other similar items, and all internal lighting that may be visible from the exterior of the Premises; (4) upon reasonable notice to Tenant, to display the Premises to prospective purchasers and lenders at reasonable hours at any time during the Term and to prospective tenants at reasonable hours during the last twelve (12) months of the Term; (5) to grant to any party the exclusive right to conduct any business or render any service in or to the Building, provided such exclusive right shall not operate to prohibit Tenant from using the Premises for the purpose permitted hereunder; (6) to change the arrangement and/or location of entrances or passageways, doors and doorways, corridors, elevators, stairs, washrooms or public portions of the Building, and to close entrances, doors, corridors, elevators or other facilities, provided that such action shall not materially and adversely interfere with Tenant's access to the Premises or the Building; (7) to have access for Landlord and other tenants of the Building to any mail chutes and boxes located in or on the Premises as required by any applicable rules of the

United States Post Office; and (8) to close the Building after Standard Operating Hours, except that Tenant and its employees and invitees shall be entitled to admission at all times, under such regulations as Landlord prescribes for security purposes.

ARTICLE 20

ESTOPPEL CERTIFICATE

20.1 TENANT ESTOPPEL

Within ten (10) business days after request therefor by Landlord, Mortgagee or any prospective mortgagee or owner, Tenant agrees as directed in such request to execute an Estoppel Certificate in recordable form, binding upon Tenant, certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, a description of such modifications and that this Lease as modified is in full force and effect); (ii) the dates to which Rent has been paid; (iii) that Tenant is in the possession of the Premises, if that is the case; (iv) that Landlord is not in default under this Lease (or if Tenant believes there are any such defaults, a full and complete explanation thereof); (v) that Tenant has no offsets or defenses to the performance of its obligations under this Lease (or if Tenant believes there are any offsets or defenses, a full and complete explanation thereof); (vi) that the Premises have been completed in accordance with the terms and provisions hereof or the Workletter, that Tenant has accepted the Premises and the condition thereof and of all improvements thereto and has no claims against Landlord or any other party with respect thereto (or stating such exceptions thereto as applicable); (vii) that if an assignment of rents or leases has been served upon the Tenant by a Mortgagee, Tenant will acknowledge receipt thereof and agree to be bound by the provisions thereof; (viii) that Tenant will give to the Mortgagee copies of all notices required or permitted to be given by Tenant to Landlord; and (ix) to any other information reasonably requested.

20.2 ENFORCEMENT

In the event that Tenant fails to timely deliver an Estoppel Certificate, then such failure shall be a Default for which there shall be no cure or grace period. In addition to any other remedy available to Landlord, Landlord may impose a charge equal to $350.00 for each day that Tenant fails to deliver an Estoppel Certificate.

20.3 LANDLORD ESTOPPEL

Within ten (10) business days after request therefor by Tenant, Landlord shall also certify that (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, a description of such modifications and that this Lease as modified is in full force and effect); (ii) the dates to which Rent has been paid; (iii) whether or not to the best knowledge of Landlord without any duty to investigate, Tenant is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default of which Landlord may have knowledge.

ARTICLE 21

[INTENTIONALLY OMITTED]

ARTICLE 22

REAL ESTATE BROKERS

Tenant represents that, except for the broker(s) listed in Section 1.1(14), Tenant has not dealt with any real estate broker, sales person, or finder in connection with this Lease, and no such person initiated or participated in the negotiation of this Lease, or showed the Premises to Tenant. Tenant hereby agrees to indemnify, protect, defend and hold Landlord and the Indemnitees, harmless from and against any and all liabilities and claims for commissions and fees arising out of a breach of the foregoing representation as well as from any claim or claims for any commission or fee by any broker or other party claiming to represent Tenant in connection with any future extensions or renewals hereof. Landlord agrees to pay any commission to which the brokers listed in Section 1.1(14) are entitled in connection with this Lease pursuant to Landlord's written agreement with such broker.

ARTICLE 23

MORTGAGEE PROTECTION

23.1 SUBORDINATION AND ATTORNMENT

This Lease is and shall be expressly subject and subordinate at all times to (i) any ground or underlying lease of the Real Property, now or hereafter existing, and all amendments, extensions, renewals and modifications to any such lease, and (ii) the lien of any mortgage or trust deed now or hereafter encumbering fee title to the Real Property and/or the leasehold estate under any such lease, and all amendments, extensions, renewals, replacements and modifications of such mortgage or trust deed and/or the obligation secured thereby, unless such ground lease or ground lessor, or mortgage, trust deed or Mortgagee, expressly provides or elects that this Lease shall be superior to such lease or mortgage or trust deed. If any such mortgage or trust deed is foreclosed (including any sale of the Real Property pursuant to a power of sale), or if any such lease is terminated, upon request of the Mortgagee or ground lessor, as the case may be, Tenant shall attorn to the purchaser at the foreclosure sale or to the ground lessor under such lease, as the case may be, provided, however, that such purchaser or ground lessor shall not be (i) bound by any payment of Rent for more than one month in advance except payments in the nature of security for the performance by Tenant of its obligations under this Lease; (ii) subject to any offset, defense or damages arising out of a default of any obligations of any preceding Landlord; or (iii) bound by any amendment or modification of this Lease made without the written consent of the Mortgagee or ground lessor; or (iv) liable for any security deposits not actually received in cash by such purchaser or ground lessor. This subordination shall be self-operative and no further certificate or instrument of subordination need be required by any such Mortgagee or ground lessor. In confirmation of such subordination, however, Tenant shall execute promptly any reasonable certificate or instrument that Landlord, Mortgagee or ground lessor may request. Tenant hereby constitutes Landlord as Tenant's attorney-in-fact to execute such certificate or instrument for and on behalf of Tenant upon Tenant's failure to do so within fifteen (15) days of a request to do so. Upon request by such successor in interest, Tenant shall execute and deliver reasonable instruments confirming the attornment provided for herein. The terms of this paragraph shall survive any termination of this Lease by reason of foreclosure.

During the thirty (30) day period following the Date of this Lease, Landlord shall use commercially reasonable efforts to obtain a subordination, non-disturbance and attornment agreement (a "SNDA") from the current Mortgagee on such party's standard form; provided, however, in no event shall Landlord be in default of this Lease if, despite Landlord's exercise of commercially reasonable efforts, Landlord is unable to obtain a SNDA for Tenant from any such Mortgagee. Additionally, notwithstanding anything herein to the contrary, Tenant's obligation to subordinate this Lease to any future ground lease or mortgage as provided above is conditioned upon Landlord providing a SNDA from such future Mortgagee on the standard form provided by such Mortgagee.

23.2 MORTGAGEE PROTECTION

Tenant agrees to give any Mortgagee or ground lessor, by registered or certified mail, a copy of any notice of default served upon Landlord by Tenant, provided that prior to such notice Tenant has received notice (by way of service on Tenant of a copy of an assignment of rents and leases, or otherwise) of the address of such Mortgagee or ground lessor. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the Mortgagee or ground lessor shall have an additional thirty (30) days after receipt of notice thereof within which to cure such default or if such default cannot be cured within that time, then such additional notice time as may be necessary, if, within such thirty (30) days, any Mortgagee or ground lessor has commenced and is diligently pursuing the remedies necessary to cure such default (including the commencement and diligent pursuit of foreclosure proceedings or other proceedings to acquire possession of the Real Property, if necessary to effect such cure). Such period of time shall be extended by any period within which such Mortgagee or ground lessor is prevented from commencing or pursuing such foreclosure proceedings or other proceedings to acquire possession of the Real Property by reason of Landlord's bankruptcy. Until the time allowed as aforesaid for Mortgagee or ground lessor to cure such defaults has expired without cure, Tenant shall have no right to, and shall not, terminate this Lease on account of default. This Lease may not be modified or amended so as to reduce the Rent or shorten the Term, or so as to adversely affect in any other respect to any material extent the rights of Landlord, nor shall this Lease be canceled or surrendered, without the prior written consent, in each instance, of the ground lessor or the Mortgagee.

ARTICLE 24

NOTICES

(a) All notices, demands or requests provided for or permitted to be given pursuant to this Lease must be in writing and shall be personally delivered, sent by Federal Express or other reputable overnight courier service, or mailed by first class, registered or certified United States mail, return receipt requested, postage prepaid.

(b) All notices, demands or requests to be sent pursuant to this Lease shall be deemed to have been properly given or served by delivering or sending the same in accordance with this Section, addressed to the parties hereto at their respective addresses listed in Section 1.1.

(c) Notices, demands or requests sent by mail or overnight courier service as described above shall be effective upon deposit in the mail or with such courier service. However, except with respect to a notice given under Code of Civil Procedure Section 1161 et seq., the time period in which a response to any such notice, demand or request must be given shall commence to run from (i) in the case of delivery by mail, the date of receipt on the return receipt of the notice, demand or request by the addressee thereof, or (ii) in the case of delivery by Federal Express or other overnight courier service, the date of acceptance of delivery by an employee, officer, director or partner of Landlord or Tenant. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given, as indicated by advice from Federal Express or other overnight courier service or by mail return receipt, shall be deemed to be receipt of notice, demand or request sent. Notices may also be served by personal service upon any officer, director or partner of Landlord or Tenant, and shall be effective upon such service.

(d) By giving to the other party at least thirty (30) days' written notice thereof, either party shall have the right from time to time during the term of this Lease to change their respective addresses for notices, statements, demands and requests, provided such new address shall be within the United States of America.

ARTICLE 25

OFAC

Landlord advises Tenant hereby that the purpose of this Article is to provide to the Landlord information and assurances to enable Landlord to comply with the law relating to OFAC.

Tenant hereby represents, warrants and covenants to Landlord, either that (i) Tenant is regulated by the SEC, FINRA or the Federal Reserve (a "Regulated Entity") or (ii) neither Tenant nor any person or entity that directly or indirectly (a) controls Tenant or (b) has an ownership interest in Tenant of twenty-five percent (25%) or more, appears on the list of Specially Designated Nationals and Blocked Persons ("OFAC List") published by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury.

If, in connection with this Lease, there is one or more Guarantors of Tenant's obligations under this Lease, then Tenant further represents, warrants and covenants either that (i) any such Guarantor is a Regulated Entity or (ii) neither Guarantor nor any person or entity that directly or indirectly (a) controls such Guarantor or (b) has an ownership interest in such Guarantor of twenty-five percent (25%) or more, appears on the OFAC List.

Tenant covenants that during the term of this Lease to provide to Landlord information reasonably requested by Landlord including without limitation, organizational structural charts and organizational documents which Landlord may deem to be necessary ("Tenant OFAC Information") in order for Landlord to confirm Tenant's continuing compliance with the provisions of this Article. Tenant represents and warrants that the Tenant OFAC Information it has provided or to be provided to Landlord or Landlord's Broker in connection with the execution of this Lease is true and complete.

ARTICLE 26

MISCELLANEOUS

26.1 LATE CHARGES

(a) All payments required hereunder (other than the Monthly Base Rent, Rent Adjustments, and Rent Adjustment Deposits, which shall be due as hereinbefore provided) to Landlord shall be paid within ten (10) business days after Landlord's demand therefor. All such amounts (including Monthly Base Rent, Rent Adjustments, and Rent Adjustment Deposits) not paid when due shall bear interest from the date due until the date paid at the Default Rate in effect on the date such payment was due.

(b) In the event Tenant is more than five (5) days late in paying any installment of Rent due under this Lease, Tenant shall pay Landlord a late charge equal to five percent (5%) of the delinquent installment of Rent. The parties agree that (i) such delinquency will cause Landlord to incur costs and expenses not contemplated herein, the exact amount of which will be difficult to calculate, including the cost and expense that will be incurred by Landlord in processing each delinquent payment of rent by Tenant, (b) the amount of such late charge represents a reasonable estimate of such costs and expenses and that such late charge shall be paid to Landlord for each delinquent payment in addition to all Rent otherwise due hereunder. The parties further agree that the payment of late charges and the payment of interest provided for in subparagraph (a) above are distinct and separate from one another in that the payment of interest is to compensate Landlord for its inability to use the money improperly withheld by Tenant, while the payment of late charges is to compensate Landlord for its additional administrative expenses in handling and processing delinquent payments.

(c) Payment of interest at the Default Rate and/or of late charges shall not excuse or cure any default by Tenant under this Lease, nor shall the foregoing provisions of this Article or any such payments prevent Landlord from exercising any right or remedy available to Landlord upon Tenant's failure to pay Rent when due, including the right to terminate this Lease.

26.2 NO JURY TRIAL; VENUE; JURISDICTION

To the fullest extent permitted by law, including laws enacted after the Commencement Date, each party hereto (which includes any assignee, successor, heir or personal representative of a party) shall not seek a jury trial, hereby waives trial by jury, and hereby further waives any objection to venue in the County in which the Project is located, and agrees and consents to personal jurisdiction of the courts of the State of California, in any action or proceeding or counterclaim brought by any party hereto against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any claim of injury or damage, or the enforcement of any remedy under any statute, emergency or otherwise, whether any of the foregoing is based on this Lease or on tort law. No party will seek to consolidate any such action in which a jury has been waived with any other action in which a jury trial cannot or has not been waived. It is the intention of the parties that these provisions shall be subject to no exceptions. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

26.3 NO DISCRIMINATION

Tenant agrees for Tenant and Tenant's heirs, executors, administrators, successors and assigns and all persons claiming under or through Tenant, and this Lease is made and accepted upon and subject to the following conditions: that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin or ancestry (whether in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises or otherwise) nor shall Tenant or any person claiming under or through Tenant establish or permit any such practice or practices of discrimination or segregation with reference to the use or occupancy of the Premises by Tenant or any person claiming through or under Tenant.

26.4 FINANCIAL STATEMENTS

Within ten (10) days after written request from Landlord from time to time during the Term, Tenant shall provide Landlord with current financial statements setting forth Tenant's financial condition and net worth for the most recent quarter, including balance sheets and statements of profits and losses. Such statements shall be prepared by an independent accountant and certified by Tenant's president, chief executive officer or chief financial officer. Landlord shall keep such financial information confidential and shall only disclose such information to Landlord's lenders, consultants, purchasers or investors, or other agents (who shall be subject to the same confidentiality obligations) on a need to know basis in connection with the administration of this Lease. Notwithstanding the foregoing, Tenant shall have no obligation to deliver any financial statements if Tenant is a publicly traded entity or an entity that is otherwise required to file financial statements with any governmental entity that are publicly available and Tenant is in compliance with such public reporting requirement.

26.5 OPTION

This Lease shall not become effective as a lease or otherwise until executed and delivered by both Landlord and Tenant. The submission of this Lease to Tenant does not constitute a reservation of or option for the Premises, but when executed by Tenant and delivered to Landlord, this Lease shall constitute an irrevocable offer by Tenant in effect for fifteen (15) days to lease the Premises on the terms and conditions herein contained.

26.6 TENANT AUTHORITY

Tenant represents and warrants to Landlord that it has full authority and power to enter into and perform its obligations under this Lease, that the person executing this Lease is fully empowered to do so, and that no consent or authorization is necessary from any third party. Landlord may request that Tenant provide Landlord evidence of Tenant's authority.

26.7 ENTIRE AGREEMENT

This Lease, the Exhibits, and Riders attached hereto contain the entire agreement between Landlord and Tenant concerning the Premises and there are no other agreements, either oral or

written, and no other representations or statements, either oral or written, on which Tenant has relied. This Lease shall not be modified except by a writing executed by Landlord and Tenant.

26.8 MODIFICATION OF LEASE FOR BENEFIT OF MORTGAGEE

If Mortgagee of Landlord requires a modification of this Lease which shall not result in any increased cost or expense to Tenant or in any other substantial and adverse change in the rights and obligations of Tenant hereunder, then Tenant agrees that this Lease may be so modified.

26.9 EXCULPATION

Tenant agrees, on its behalf and on behalf of its successors and assigns, that any liability or obligation under this Lease shall only be enforced against Landlord's equity interest in the Property up to a maximum of Five Million Dollars ($5,000,000.00) and in no event against any other assets of Landlord, or Landlord's members, officers or directors or partners, and that any liability of Landlord with respect to this Lease shall be so limited and Tenant shall not be entitled to any judgment in excess of such amount. Notwithstanding anything to the contrary contained herein, in no event shall Landlord be liable to Tenant for consequential, punitive or special damages with respect to this Lease.

26.10 ACCORD AND SATISFACTION

No payment by Tenant or receipt by Landlord of a lesser amount than any installment or payment of Rent due shall be deemed to be other than on account of the amount due, and no endorsement or statement on any check or any letter accompanying any check or payment of Rent shall be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or payment of Rent or pursue any other remedies available to Landlord. No receipt of money by Landlord from Tenant after the termination of this Lease or Tenant's right of possession of the Premises shall reinstate, continue or extend the Term. Receipt or acceptance of payment from anyone other than Tenant, including an assignee of Tenant, is not a waiver of any breach of Article 10, and Landlord may accept such payment on account of the amount due without prejudice to Landlord's right to pursue any remedies available to Landlord.

26.11 LANDLORD'S OBLIGATIONS ON SALE OF BUILDING

In the event of any sale or other transfer of the Building, Landlord shall be entirely freed and relieved of all agreements and obligations of Landlord hereunder accruing or to be performed after the date of such sale or transfer, and any remaining liability of Landlord with respect to this Lease shall be limited to the dollar amount specified in Section 25.9 and Tenant shall not be entitled to any judgment in excess of such amount. Landlord shall have the right to assign this Lease to an entity comprised of the principals of Landlord or any Landlord Affiliate. Upon such assignment and assumption of the obligations of Landlord hereunder, Landlord shall be entirely freed and relieved of all obligations hereunder.

26.12 BINDING EFFECT

Subject to the provisions of Article 10, this Lease shall be binding upon and inure to the benefit of Landlord and Tenant and their respective heirs, legal representatives, successors and permitted assigns.

26.13 CAPTIONS

The Article and Section captions in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such Articles and Sections.

26.14 TIME; APPLICABLE LAW; CONSTRUCTION

Time is of the essence of this Lease and each and all of its provisions. This Lease shall be construed in accordance with the Laws of the State of California. If more than one person signs this Lease as Tenant, the obligations hereunder imposed shall be joint and several. If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each item, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by Law. Wherever the term "including" or "includes" is used in this Lease, it shall have the same meaning as if followed by the phrase "but not limited to". The language in all parts of this Lease shall be construed according to its normal and usual meaning and not strictly for or against either Landlord or Tenant.

26.15 ABANDONMENT

In the event Tenant vacates or abandons the Premises but is otherwise in compliance with all the terms, covenants and conditions of this Lease, Landlord shall (i) have the right to enter into the Premises in order to show the space to prospective tenants, (ii) have the right to reduce the services provided to Tenant pursuant to the terms of this Lease to such levels as Landlord reasonably determines to be adequate services for an unoccupied premises, and (iii) during the last six (6) months of the Term, have the right to prepare the Premises for occupancy by another tenant upon the end of the Term. Tenant expressly acknowledges that in the absence of written notice pursuant to Section 11.2(b) or pursuant to California Civil Code Section 1951.3 terminating Tenant's right to possession, none of the foregoing acts of Landlord or any other act of Landlord shall constitute a termination of Tenant's right to possession or an acceptance of Tenant's surrender of the Premises, and this Lease shall continue in effect.

26.16 LANDLORD'S RIGHT TO PERFORM TENANT'S DUTIES

If Tenant fails timely to perform any of its duties under this Lease, Landlord shall have the right (but not the obligation), to perform such duty on behalf and at the expense of Tenant without prior notice to Tenant, and all sums expended or expenses incurred by Landlord in performing such duty shall be deemed to be additional Rent under this Lease and shall be due and payable upon demand by Landlord.

26.17 SECURITY SYSTEM

Landlord shall, as part of the Landlord Work and in accordance with the requirements of Exhibit B, install certain card key access and video camera systems respecting the Premises. Subject to the foregoing, Landlord shall not be obligated to provide or maintain any security patrol or security system. Landlord shall not be responsible for the quality of any such patrol or system which may be provided hereunder or for damage or injury to Tenant, its employees, invitees or others due to the failure, action or inaction of such patrol or system.

26.18 NO LIGHT, AIR OR VIEW EASEMENTS

Any diminution or shutting off of light, air or view by any structure which may be erected on lands of or adjacent to the Project shall in no way affect this Lease or impose any liability on Landlord.

26.19 RECORDATION

Neither this Lease, nor any notice nor memorandum regarding the terms hereof, shall be recorded by Tenant. Any such unauthorized recording shall be a Default for which there shall be no cure or grace period. Tenant agrees to execute and acknowledge, at the request of Landlord, a memorandum of this Lease, in recordable form.

26.20 SURVIVAL

The waivers of the right of jury trial, the other waivers of claims or rights, the releases and the obligations of Tenant under this Lease to indemnify, protect, defend and hold harmless Landlord and/or Indemnitees shall survive the expiration or termination of this Lease, and so shall all other obligations or agreements which by their terms survive expiration or termination of this Lease.

26.21 TENANT'S CONTRACTORS, SUBCONTRACTORS AND VENDORS

Notwithstanding anything to the contrary set forth in this Lease, Tenant hereby agrees that all of its contractors and subcontractors at any tier performing any construction, repair, refurbishment or restoration or providing janitorial or other services ("Work") within the Premises, including, without limitation, tenant improvements, build-out, alterations, additions, improvements, renovations, repairs, remodeling, painting and installations of fixtures, mechanical, electrical, plumbing, data, security, telecommunication, low voltage or elevator equipment or systems or other equipment, or with respect to any other construction work in, on or to the Building are required to be approved in advance by Landlord. Landlord may disapprove of any such contractors, subcontractors or other vendors who (i) are not bound by and signatory to a collective bargaining agreement with a labor organization, and/or (ii) do not observe area standards for wages and other terms and conditions of employment, including fringe benefits. Further, Tenant shall comply with any reasonable contractor selection and payment policy promulgated by Landlord from time to time. Upon the request of Landlord, each such contractor, subcontractor and vendor shall provide written certification that all work performed by such party was performed in compliance with this policy.

26.22 COUNTERPARTS

This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. Telecopied signatures or signatures transmitted by electronic mail in so-called "pdf" format or via DocuSign or similar electronic means may be used in place of original signatures on this Lease. Landlord and Tenant intend to be bound by the signatures on the telecopied or e-mailed document, are aware that the other party will rely on the telecopied or e-mailed signatures, and hereby waive any defenses to the enforcement of the terms of this Lease based on such telecopied or e-mailed signatures. Promptly following request by either party, the other party shall provide the requesting party with original signatures on this Lease.

26.23 EXHIBITS AND RIDERS

All exhibits, riders and/or addenda referred to in this Lease as an exhibit, rider, or addenda hereto, or attached hereto, are hereby incorporated into and made a part of this Lease.

[Signatures on Following Page]

IN WITNESS WHEREOF, this Lease has been executed as of the date set forth Section l.1(4) hereof.

TENANT:

Aduro Biotech, Inc.,
a Delaware corporation

By: /s/ Stephen Isaacs
Print Name: Stephen Isaacs
Its: CEO

By:
Print Name:
Its:

LANDLORD:

Seventh Street Properties VII, LLC,
a California limited liability company

By: Seventh Street Properties VII Associates, LLC
Its: Managing Member

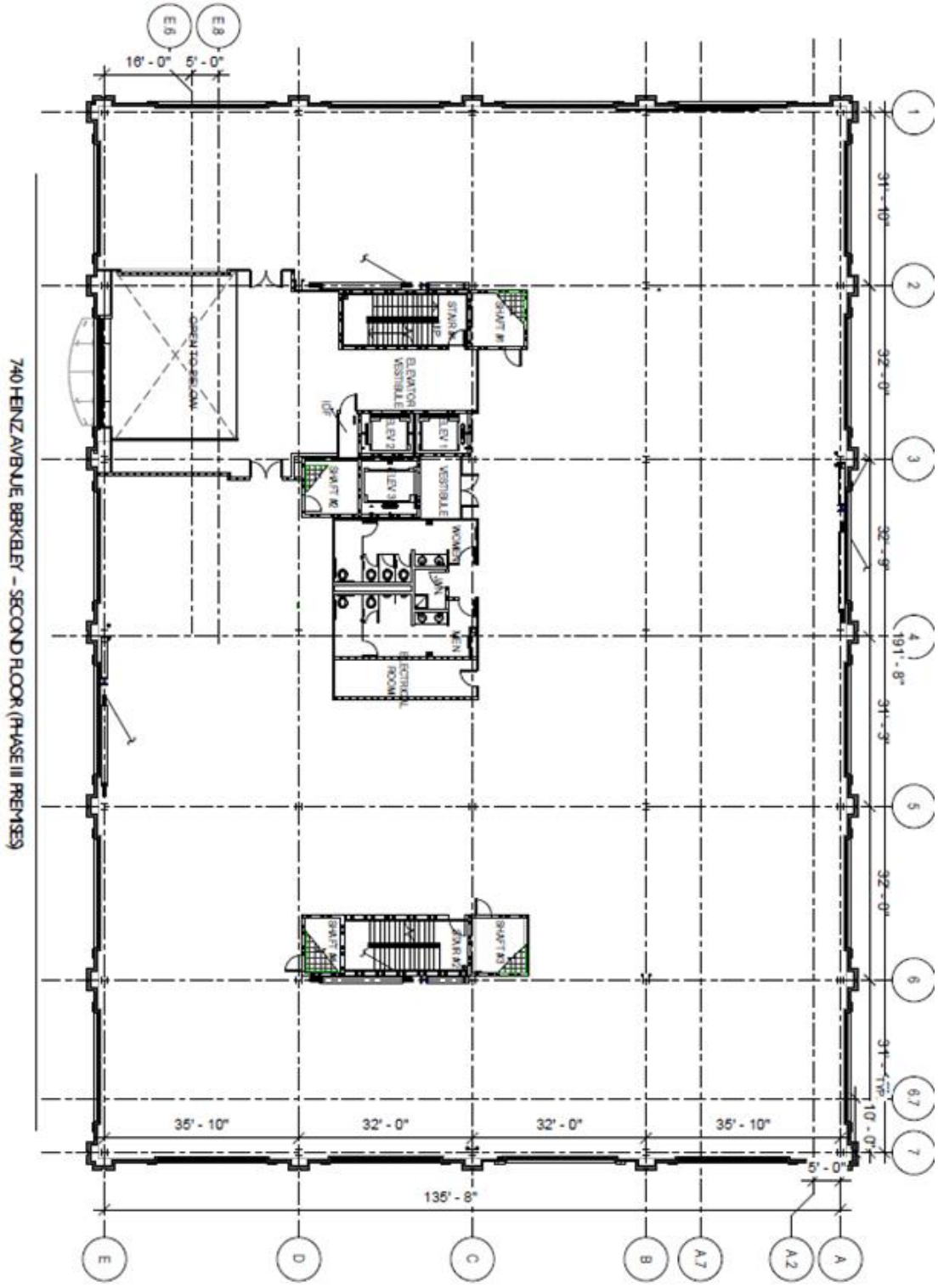
By: Wareham-NZL, LLC
a California limited liability company,
its Manager

By: /s/ Richard K. Robbins
Richard K. Robbins
Manager

EXHIBIT A OUTLINE OF PREMISES

A-1

[*] = 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 24b-2 of the Securities Exchange Act of 1934, as amended.



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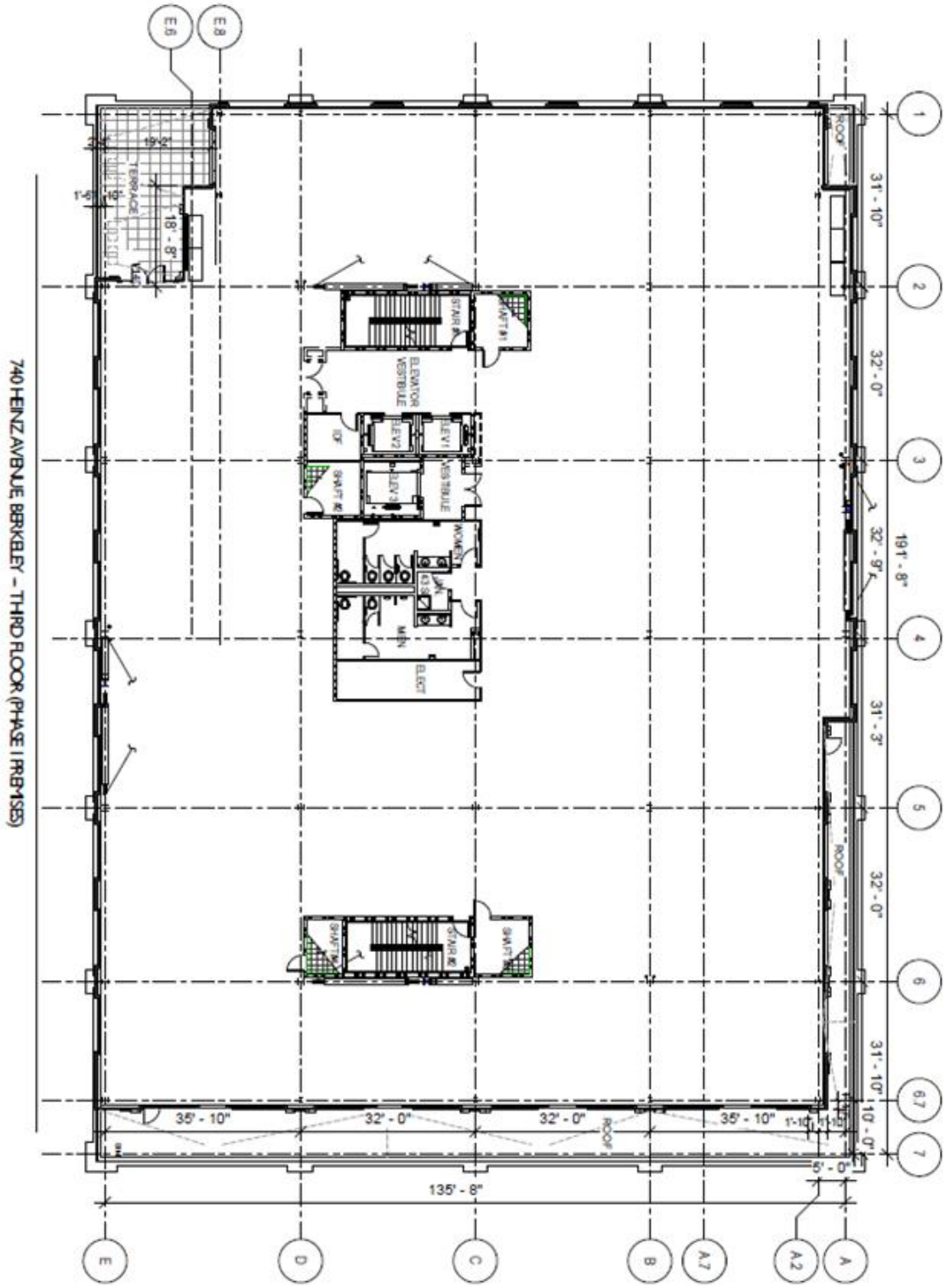

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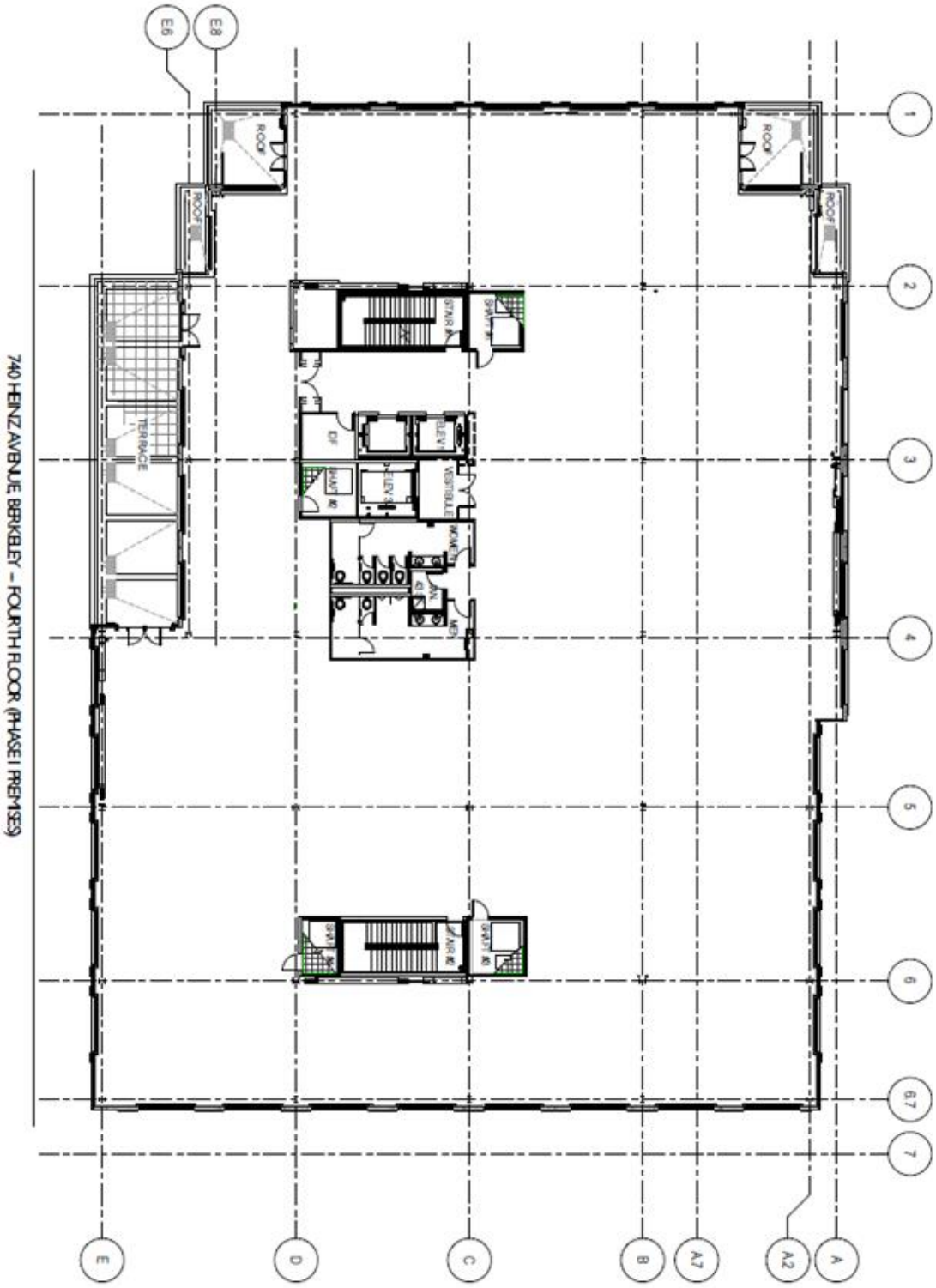

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EXHIBIT B

WORKLETTER AGREEMENT

THIS WORK AGREEMENT (this "**Work Agreement**") is attached to and made a part of that certain Lease (the "**Lease**") between Seventh Street Properties VII, LLC, a California limited liability company ("**Landlord**"), and Aduro Biotech, Inc., a Delaware corporation ("**Tenant**"). All capitalized terms used but not defined herein shall have the respective meanings given such terms in the Lease. This Work Agreement sets forth the terms and conditions relating to the construction of Tenant Improvements (defined below) in the Premises.

SECTION 1

ALLOWANCE; TENANT IMPROVEMENTS

1.1 Allowance. Tenant shall be entitled to an allowance (the "**Tenant Improvement Allowance**") in an amount not to exceed $85.00 per square foot of Rentable Area of the Phase I Premises for the costs relating to the design, permitting and construction of Tenant's improvements which are permanently affixed to the Phase I Premises and $75.00 per square foot of Rentable Area of the Phase II Premises, for the costs relating to the design, permitting and construction of Tenant's improvements which are permanently affixed to the Phase II Premises (collectively, the "**Tenant Improvements**"). Landlord and Tenant acknowledge that the Tenant Improvements include the build-out of the Phase II Premises prior to Tenant's election of the Expansion Option and that, as a result, Tenant may never lease or occupy the Phase II Premises following completion of the Tenant Improvements relating thereto. Tenant agrees that is shall commence and complete the portion of the Tenant Improvements respecting the Phase I Premises and the portion of the Tenant Improvements respecting the Phase II Premises substantially concurrently, and shall complete the Tenant Improvements respecting the Phase II Premises no later than June 1, 2016.

Tenant acknowledges and agrees that it shall spend (in addition to all or any portion of the Tenant Improvement Allowance applicable to the Phase II Premises), an amount not less than $2,800,000.00 toward Tenant Improvement Allowance Items relating to the Phase II Premises ("**Tenant's Phase II Contribution**"), and Landlord and Tenant shall use their best efforts and work cooperatively and in good faith to design the Tenant Improvements respecting the Phase II Premises such that the actual cost to construct the same is an amount equal to the Tenant Improvement Allowance applicable to the Phase II Premises plus Tenant's Phase II Contribution (e.g. $4,720,000, assuming Tenant exercises the Expansion Option) (the "**Anticipated Phase II Cost**"). Notwithstanding such efforts by Landlord and Tenant, in the event the actual cost to complete the Tenant Improvements respecting the Phase II Premises (i) is less than the Anticipated Phase II Cost, then the Tenant Improvement Allowance respecting the Phase III Premises shall be increased by such cost savings (*i.e.*, an amount equal to the unused remainder of the Tenant Improvement Allowance applicable to the Phase II Premises), or (ii) exceeds the Anticipated Phase II Cost, then Landlord shall contribute fifty percent (50%) of such excess costs, through an increase in the Tenant Improvement Allowance respecting the Phase II Premises; provided, however in no event shall the Tenant Improvement Allowance respecting the Phase II Premises be increased such that the aggregate Tenant Improvement Allowance respecting the Phase II Premises exceeds $85.00 per square foot of Rentable Area of the Phase II Premises.

Except in connection with the performance of Landlord's Work, in no event will Landlord be obligated to make disbursements pursuant to this Work Agreement in a total amount which exceeds the Tenant Improvement Allowance, and in no event shall Landlord be obligated to make disbursements of the Tenant Improvement Allowance applicable to the Phase I Premises or the Phase II Premises in a total amount which exceeds the Tenant Improvement Allowance applicable to such Phase I Premises or Phase II Premises, as applicable. Tenant must complete all Tenant Improvements and have submitted Payment Request Supporting Documentation (defined below) for such work no later than December 31, 2016 in order to be entitled to receive the Tenant Improvement Allowance for such work.

1.2 Disbursement of the Tenant Improvement Allowance.

(a) Tenant Improvement Allowance Items. Except as otherwise set forth in this Work Agreement, the Tenant Improvement Allowance shall be disbursed by Landlord only for the following items and costs (collectively the "**Tenant Improvement Allowance Items**"):

(i) Payment of the fees of the Architect and the Building Consultants (as those terms are defined below) and payment of fees and costs reasonably incurred by Landlord for the review of the Construction Drawings (defined below) by Landlord or by Landlord's third party consultants;

(ii) The payment of plan check, permit and license fees relating to the Tenant Improvements;

(iii) The cost of construction of the Tenant Improvements, including, without limitation, after hours charges, testing and inspection costs, freight elevator usage, trash removal costs, and contractors' fees and general conditions;

(iv) The cost of any changes to the Building when such changes are required by the Construction Drawings, such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

(v) The cost of any changes to the Construction Drawings (defined below) or Tenant Improvements required by applicable building codes (collectively, "**Code**"); and

(vi) The Coordination Fee (defined below).

(b) Disbursement of Tenant Improvement Allowance. During the design and construction of the Tenant Improvements, Landlord shall make monthly disbursements of the Tenant Improvement Allowance to reimburse Tenant for Tenant Improvement Allowance Items and shall authorize the release of funds as follows, and otherwise in accordance with Landlord's standard disbursement process.

(i) On or before the fifth (5th) day of each calendar month (or such other date as Landlord may designate), Tenant shall deliver to Landlord: (A) a request for payment from Contractor (defined below) approved by Tenant and the Architect (hereafter defined), in a commercially reasonable form to be provided or approved in advance by Landlord, including a schedule of values and showing the percentage of completion, by trade, of the Tenant Improvements, which details the portion of the work completed and the portion not completed; (B) invoices from all of Tenant's Agents (defined below) for labor rendered and materials delivered to the Phase I Premises and Phase II

Premises; (C) executed conditional mechanic's lien releases from all of Tenant's Agents who have lien rights with respect to the subject request for payment (along with unconditional mechanics' lien releases with respect to payments made pursuant to Tenant's prior submission hereunder) in compliance with all applicable laws; and (D) all other information reasonably requested by Landlord (collectively, the "**Payment Request Supporting Documentation**").

(ii) Within thirty (30) days after Tenant's delivery to Landlord of all Payment Request Supporting Documentation, Landlord shall deliver to Tenant payment in an amount equal to the lesser of: (x) the amount so requested by Tenant, as set forth above, less (i) the applicable Over-Tenant Improvement Allowance Amount (defined in Section 3.2(a) below and (ii) a ten percent (10%) retention (the aggregate amount of such retentions to be known as the "**Final Retention**"), and (y) the balance of any remaining available portion of the Tenant Improvement Allowance (not including the Final Retention), provided that if Landlord, in good faith, disputes any item in a request for payment based on non-compliance of any work with the Approved Working Drawings (defined below) or due to any substandard work and delivers a written objection to such item setting forth with reasonable particularity Landlord's reasons for its dispute (a "**Draw Dispute Notice**") within ten (10) business days following Tenant's submission of its Payment Request Supporting Documentation, Landlord may deduct the amount of such disputed item from the payment. Landlord and Tenant shall, in good faith, endeavor to diligently resolve any such dispute. Landlord's payment of such amounts shall not be deemed Landlord's approval or acceptance of the work furnished or materials supplied as set forth in Tenant's payment request.

(iii) Subject to the provisions of this Work Agreement, following the final completion of construction of the Tenant Improvements, Landlord shall deliver to Tenant a check made payable to Tenant, or a check or checks made payable to another party or parties as reasonably requested by Tenant, in the amount of the Final Retention, provided that (A) Tenant delivers to Landlord properly executed unconditional mechanics' lien releases from all of Tenant's Agents in compliance with all applicable laws, as reasonably determined by Landlord;

(B) Landlord has determined in good faith that no substandard work exists which adversely affects the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building; (C) Architect delivers to Landlord a certificate, in a form reasonably acceptable to Landlord, certifying that the construction of the Tenant Improvements has been finally completed; (D) Tenant supplies Landlord with evidence that all governmental approvals required for an occupant to legally occupy each of the Phase I Premises and the Phase II Premises have been obtained; and (E) Tenant has fulfilled its Completion Obligations (defined below) and has otherwise complied with Landlord's standard "close-out" requirements regarding city approvals, closeout tasks, closeout documentation regarding the general contractor, financial close-out matters, and Tenant's vendors.

SECTION 2

CONSTRUCTION DRAWINGS

2.1 Selection of Architect; Construction Drawings. Tenant shall retain an architect approved in writing, in advance by Landlord, such approval not to be unreasonably withheld (the

"**Architect**") to prepare the Construction Drawings. Tenant shall retain engineering consultants approved in writing, in advance by Landlord, such approval not to be unreasonably withheld (the "**Building Consultants**") to prepare all plans and engineering working drawings and perform all work relating to mechanical, electrical and plumbing ("**MEP**"), HVAC/Air Balancing, life-safety, structural, sprinkler and riser work.

The plans and drawings to be prepared by Architect and the Building Consultants hereunder (i.e., both the Space Plan and the Working Drawings, as each term is defined below) shall be known collectively as the "**Construction Drawings**." All Construction Drawings shall comply with the drawing format and specifications determined or approved by Landlord and shall be subject to Landlord's prior written approval, not to be unreasonably withheld, conditioned or delayed. All MEP drawings must be fully engineered or prepared on a "design- build-assist" basis with a Landlord-approved MEP basis of design ("BOD"), as prepared by an approved MEP engineer consultant. The MEP drawings cannot be prepared on a strictly "design-build" basis. Landlord's review of the Construction Drawings shall be for its sole purpose and shall not obligate Landlord to review the same, for quality, design, Code compliance or other like matters. Accordingly, notwithstanding that any Construction Drawings are reviewed by Landlord or its space planner, architect, engineers and consultants, and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or Landlord's space planner, architect, engineers, and consultants, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Drawings.

2.2 Space Plan. Tenant shall supply Landlord for Landlord's review and approval with four (4) copies signed by Tenant of its space plan for each of the Phase I Premises and the Phase II Premises (collectively, the "**Space Plan**") before any architectural working drawings or engineering drawings have been commenced. The Space Plan shall include a layout and designation of all laboratory facilities, offices, rooms and other partitioning, their intended use, and equipment to be contained therein. Landlord may request clarification or more specific drawings for special use items not included in the Space Plan. Landlord shall advise Tenant within ten (10) business days after Landlord's receipt of the Space Plan (or, if applicable, such additional information requested by Landlord pursuant to the provisions of the immediately preceding sentence) if the same is approved or is unsatisfactory or incomplete in any respect. Upon any disapproval by Landlord, Tenant shall promptly cause the Space Plan to be revised to correct any deficiencies or other matters Landlord may reasonably require.

2.3 Working Drawings. After the Space Plan has been approved by Landlord, Tenant shall supply the Architect and the Building Consultants with a complete listing of standard and non-standard equipment and specifications, including, without limitation, B.T.U. calculations, electrical requirements and special electrical receptacle requirements, to enable the Architect and the Building Consultants to complete the Working Drawings and shall cause the Architect and the Engineers to promptly complete the architectural and engineering drawings, and Architect shall compile a fully coordinated set of drawings, including but not limited to architectural, structural, mechanical, electrical, plumbing, fire sprinkler and life safety in a form which is complete to allow subcontractors to bid on the work and to obtain all applicable permits (collectively, the "**Working Drawings**") and shall submit the same to Landlord for Landlord's review and approval. Tenant shall supply Landlord with four (4) copies signed by Tenant of the Working Drawings. Landlord shall advise Tenant within ten (10) business days after Landlord's receipt of the Working Drawings if Landlord, in good faith, determines that the same

are approved or are unsatisfactory or incomplete. If Tenant is so advised, Tenant shall promptly revise the Working Drawings to correct any deficiencies or other matters Landlord may reasonably require.

2.4 Landlord's Approval. Tenant acknowledges that it shall be deemed reasonable for Landlord to disapprove the Space Plan and any subsequent Working Drawings unless, at a minimum, the same are prepared on the basis that: (a) each phase (i.e., each of the Phase I Premises, the Phase II Premises and the Phase III Premises) will be completely built out and will only utilize the appropriate pro-rated share of building systems capacity available for tenant usage in the building (including, but not limited to, Heating Ventilation and Air Conditioning equipment, electrical power, fire sprinkler, emergency electrical power), (b) the Tenant Improvements as specified and designed comply with the requirements of the Project's Sustainability Practices and Tenant is strongly encouraged tocomplete the Tenant Improvements in a manner sufficient to achieve the applicable Green Building Standards, and (c) the sprinkler systems shall be designed in compliance with the specifications provided by FM Global. Additionally, Landlord's approval of any matter under this Work Agreement may be withheld if Landlord reasonably determines that the same would violate any provision of the Lease or this Work Agreement or would adversely affect the mechanical, electrical, plumbing, heating, ventilating and air conditioning, life-safety or other systems of the Building, the curtain wall of the Building, the structure or exterior appearance of the Building.

SECTION 3

CONSTRUCTION OF THE TENANT IMPROVEMENTS

3.1 Tenant's Selection of Contractors.

(a) The Contractor. Tenant shall retain a general contractor approved in writing, in advance by Landlord, such approval not to be unreasonably withheld, to construct the Tenant Improvements ("**Contractor**").

(b) Tenant's Agents. All subcontractors, laborers, materialmen, and suppliers used by Tenant (such subcontractors, laborers, materialmen, and suppliers, and the Contractor to be known collectively as "**Tenant's Agents**") must be approved in writing by Landlord, in Landlord's sole discretion (Landlord will approve or disapprove Tenant's Agents within ten (10) business days following Tenant's written request, and if such request for consent was delivered in accordance with Article 24 of the Lease, then Landlord's failure to so approve or disapprove in writing within such ten (10) business day period shall be deemed to be Landlord's approval), provided that Landlord will require Tenant to retain the Building Consultants. All of Tenant's Agents shall be licensed in the State of California and capable of being bonded. Notwithstanding anything herein to the contrary, in connection with Tenant's construction of the Tenant Improvements, any of Tenant's Agents that are (i) to be reimbursed to Tenant through the Tenant Improvement Allowance, and/or (ii) involved in principal construction trades, shall be union- affiliated and in compliance with all then existing master labor agreements.

3.2 Construction of Tenant Improvements by Tenant's Agents.

(a) Construction Contract. Prior to Tenant's execution of the construction contract and general conditions with Contractor (the "**Contract**"), Tenant shall submit the Contract to Landlord for its approval, which approval shall not be unreasonably withheld or delayed. Prior to the commencement of the construction of the Tenant Improvements, Tenant shall provide Landlord with a

schedule of values consisting of a detailed breakdown, by trade, of the final costs to be incurred or which have been incurred, for all Tenant Improvement Allowance Items in connection with the design and construction of the Tenant Improvements, which costs form the basis for the amount of the Contract, segregated and allocated, as applicable, for each of the Phase I Premises and the Phase II Premises ("**Final Costs**"). Prior to the commencement of construction of the Tenant Improvements, Landlord and Tenant shall identify the amount for each of the Phase I Premises and the Phase II Premises (the "**Over- Allowance Amount**") equal to the difference between the amount of the Final Costs and the amount of the Tenant Improvement Allowance (less any portion thereof already disbursed by Landlord, or in the process of being disbursed by Landlord, on or before the commencement of construction of the Tenant Improvements), and Landlord will reimburse Tenant on a monthly basis, as described in Section 1.2(b)(ii) above, for a percentage of each amount requested by the Contractor or otherwise to be disbursed under this Work Agreement, which percentage shall be equal to the Tenant Improvement Allowance divided by the amount of the Final Costs (after deducting from the Final Costs any amounts expended in connection with the preparation of the Construction Drawings, and the cost of all other Tenant Improvement Allowance Items incurred prior to the commencement of construction of the Tenant Improvements), and Tenant shall be solely responsible for any Over-Allowance Amount. If, after the Final Costs have been initially determined, the costs relating to the design and construction of the Tenant Improvements shall change, any additional costs for such design and construction in excess of the Final Costs shall be added to the Over-Allowance Amount and the Final Costs, and Landlord's reimbursement percentage, shall be recalculated in accordance with the terms of the immediately preceding sentence. Notwithstanding anything set forth herein to the contrary, construction of the Tenant Improvements shall not commence until Tenant has procured and delivered to Landlord a copy of all Permits for the applicable Tenant Improvements.

(b) onstruction Requirements.

(A) Landlord's General Conditions for Tenant's Agents and Tenant Improvement Work. Construction of the Tenant Improvements shall comply with the following: the Tenant Improvements shall be constructed in strict accordance with the Approved Working Drawings and Landlord's then-current published construction guidelines; (B) Tenant's Agents shall submit schedules of all work relating to the Tenant Improvements to Landlord and Landlord shall, within five (5) business days of receipt thereof, inform Tenant's Agents of any changes which are necessary thereto, and Tenant's Agents shall adhere to such corrected schedule; and (C) Tenant shall abide by all rules made by Landlord's Building manager with respect to the use of contractor parking, materials delivery, freight, loading dock and service elevators, any required shutdown of utilities (including life-safety systems), storage of materials, coordination of work with the contractors of Landlord, and any other matter in connection with this Work Agreement, including, without limitation, the construction of the Tenant Improvements. Tenant shall pay an oversight and supervisory fee (the "**Coordination Fee**") to Landlord in an amount equal to one and one-half percent (1.5%) of the Tenant Improvement Allowance.

(i) Indemnity. Tenant's indemnity of Landlord as set forth in the Lease shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Tenant Improvements and/or Tenant's disapproval of all or any portion of any request for payment. Such indemnity by Tenant, as set forth in the Lease, shall also apply with respect to any and all costs,

losses, damages, injuries and liabilities related in any way to Landlord's performance of any ministerial acts reasonably necessary (A) to permit Tenant to complete the Tenant Improvements, and (B) to enable Tenant to obtain any related building permit or certificate of occupancy.

(ii) Requirements of Tenant's Agents. Each of Tenant's Agents shall guarantee to Tenant and for the benefit of Landlord that the portion of the Tenant Improvements for which it is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Each of Tenant's Agents shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after the completion of the work performed by such contractor or subcontractor. The correction of such work shall include, without additional charge, all additional expenses and damages incurred in connection with the removal or replacement of all or any part of the Tenant Improvements, and/or the Building and/or common areas that are damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to the Tenant Improvements shall be contained in the Contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances as may be necessary to effect such right of direct enforcement.

(c) Insurance Requirements.

(i) General Coverages. All of Tenant's Agents shall carry employer's liability and worker's compensation insurance covering all of their respective employees, and shall also carry commercial general liability insurance, including personal and bodily injury, property damage and completed operations liability, all with limits, in form and with companies as are required to be carried by Tenant as set forth in the Lease.

(ii) Special Coverages. Tenant or Contractor shall carry "Builder's All Risk" insurance in an amount approved by Landlord covering the construction of the Tenant Improvements, and such other insurance as Landlord may require, it being understood and agreed that the Tenant Improvements shall be insured by Tenant pursuant to the Lease immediately upon completion thereof. Such insurance shall be in amounts and shall include such extended coverage endorsements as may be reasonably required by Landlord, and shall be in form and with companies as are required to be carried by Tenant as set forth in the Lease.

(iii) General Terms. Certificates for all of the foregoing insurance coverage shall be delivered to Landlord before the commencement of construction of the Tenant Improvements and before the Contractor's equipment is moved onto the site. All such policies of insurance must contain a provision that the company writing said policy will endeavor to give Landlord thirty (30) days' prior written notice of any cancellation of such insurance. In the event that the Tenant Improvements are damaged by any cause during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord, except for any Products and Completed Operations Coverage insurance required by Landlord, which is to be maintained for one (1) year following completion of the work and acceptance by Landlord and Tenant. All policies carried hereunder shall insure Landlord, Wareham Property Group

as Landlord's manager, and Tenant, as their interests may appear, as well as 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 Landlord and Tenant and that any other insurance maintained by Landlord or Tenant is excess and noncontributing with the insurance required hereunder. The requirements for the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant under the Lease and/or this Work Agreement.

(d) Governmental Compliance. The Tenant Improvements shall comply in all respects with the following: (i) the Code and other federal, state, city and/or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person or entity; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; (iii) building material manufacturer's specifications, and (iv) the Project's Sustainability Practices. Tenant is strongly encouraged tocomplete the Tenant Improvements in a manner sufficient to achieve the applicable Green Building Standards

(e) Inspection by Landlord. Prior to the completion of the Tenant Improvements, Landlord shall have the right to inspect the same at all times, provided however, that Landlord's failure to inspect the Tenant Improvements shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Tenant Improvements constitute Landlord's approval of the same. Should Landlord disapprove any portion of the Tenant Improvements, Landlord shall notify Tenant in writing of such disapproval and shall specify the items disapproved. Any defects or deviations in, and/or disapproval by Landlord of, the Tenant Improvements shall be rectified by Tenant at no expense to Landlord, provided however, that in the event Landlord determines that a defect or deviation exists or disapproves of any matter in connection with any portion of the Tenant Improvements and such defect, deviation or matter might adversely affect the mechanical, electrical, plumbing, heating, ventilating and air conditioning or life-safety systems of the Building, the structure or exterior appearance of the Building or any other tenant's use of such other tenant's leased premises, Landlord may take such action as Landlord deems necessary, at Tenant's expense and without incurring any liability on Landlord's part, to correct any such defect, deviation and/or matter, including, without limitation, causing the cessation of performance of the construction of the Tenant Improvements until such time as the defect, deviation and/or matter is corrected to Landlord's satisfaction.

(f) Meetings. Tenant shall hold periodic meetings at a reasonable time with the Architect and the Contractor regarding the progress of the preparation of the Construction Drawings and the construction of the Tenant Improvements, which meetings shall be held at a location designated or reasonably approved by Landlord, and Landlord and/or its agents shall receive prior written notice of, and shall have the right to attend, all such meetings. Upon Landlord's request, certain of Tenant's Agents shall attend such meetings. In addition, minutes shall be taken at all such meetings, and Landlord will be included in the distribution list for such minutes. One such meeting each month shall include the review of Contractor's current request for payment.

3.3 Notice of Completion; Copy of Record Set of Plans. Following completion of construction of the Tenant Improvements, Landlord shall cause a Notice of Completion to be recorded in the office of the Recorder of Alameda County and shall furnish a copy thereof to Tenant. Within

thirty (30) days following the completion of construction, (i) Tenant shall cause the Architect and Contractor (A) to update the Approved Working Drawings as necessary to reflect all changes made to the Approved Working Drawings during the course of construction,

(B) to certify to the best of their knowledge that the updated drawings are true and correct, which certification shall survive the expiration or termination of the Lease, and (C) to deliver to Landlord such updated drawings in accordance with Landlord's then-current CAD Requirements, and (ii) Tenant shall deliver to Landlord a copy of all warranties, guaranties, and operating manuals and information relating to the improvements, equipment, and systems in the Phase I Premises and/or Phase II Premises. Tenant's obligations set forth in this Section are collectively referred to as the "**Completion Obligations**."

SECTION 4

LANDLORD WORK

Landlord shall deliver each of the Phase I Premises, Phase II Premises, and Phase III Premises in a "warm shell" condition and in conformance with the base building standards as set forth on Exhibit B-1 hereto (the "Landlord Work"). For the avoidance of doubt, subject to Tenant's exercise of the Expansion Option, Tenant's rights respecting the Phase II Premises shall be limited to the right of access for the sole purpose of constructing the Tenant Improvements, and Tenant shall have no right to otherwise occupy or use the Phase II Premises following completion of the Tenant Improvements respecting the same. The Landlord Work shall comply in all respects with the Code and other federal, state, city and/or quasi-governmental laws, codes, ordinances and regulations, as each may apply according to the rulings of the controlling public official, agent or other person or entity; the applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters), and the National Electrical Code. Subject to the foregoing, Tenant shall accept the Phase I Premises and Phase II Premises in their then existing, "AS-IS" condition.

SECTION 5

MISCELLANEOUS

5.1 Tenant's Representative. Tenant has designated Nancy Kaplan as its sole representative with respect to the matters set forth in this Work Agreement, until further notice to Landlord, who shall have full authority and responsibility to act on behalf of Tenant as required in this Work Agreement.

5.2 Landlord's Representative. Landlord has designated Chris Barlow as its sole representative with respect to the matters set forth in this Work Agreement, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of Landlord as required in this Work Agreement.

5.3 Tenant's Default. Notwithstanding any provision to the contrary contained in the Lease, if a Default by Tenant under the Lease (including, without limitation, this Work Agreement) has occurred at any time on or before the substantial completion of the Tenant 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 Tenant Improvement Allowance, and (ii) all other obligations of Landlord under the terms of this Work Agreement shall be forgiven until such time as

such default is cured pursuant to the terms of the Lease.

EXHIBIT B-1

LANDLORD WORK/WARM-SHELL SPECIFICATIONS AND DRAWINGS

Lobby

- Ground Floor Lobby and Second Floor Lobby complete and finished including security desk, artwork and furniture.

Electrical Rooms

- Ground Floor Main Electrical Room including Fire Alarm Control Panel complete and finished.
- Electrical Room on each floor complete with the bus riser and tap for future tenant connection of tenant electrical panel on each floor level.

Stairways

- Stairs and stairwell shafts installed to each floor.
- Stairwells finished on the interior including paint and lighting.

Elevators

- One service elevator sized to accommodate an 8ft fume hood with a capacity of 5,000 lbs @ 200 feet per minute.
- Two Passenger Elevators with finished interiors each with a capacity of 3,500 lbs @ 350 feet per minute.

Restrooms and Showers

- Fully finished central restrooms on each floor (including janitor's closet).
- Showers in ground floor lobby restrooms (for use by all building tenants).

Mechanical Design Criteria

- Air system designed for 60% laboratory, 40% office use with up to 25% of the laboratory space being fume hood intensive chemical uses.
- Air supply of 1.6 cubic feet / minute / square foot of outside air. 580 tons chiller capacity and 4,350 MBH boiler capacity.
- Mechanical penthouse designed to accommodate (at Tenant's cost) an additional air handler which will increase the total outside air delivery to 2.0 cubic feet / minute / square foot.

HVAC Distribution

- Restrooms and electrical rooms exhausted.
- Supply, return, and exhaust air ducting stubbed to each floor.

Electrical

- PG&E transformer is 1,000kVA, 480Y/277V; service to main switchboard rated 4,000 amp, 480Y/277V is installed.
- 4 w/sf available for office power; 15 w/sf available for lab area power.
- Main house panels installed in Ground Floor electrical room.

- 600kW / 750 kVA 60 Hz, 480V Diesel Standby Generator with automatic transfer switch and emergency panels sized for building life safety requirements. Future tenant loads will require separate standby power distribution equipment.
- Emergency Generator and Automatic Transfer Switch sized to provide 4 W/SF tenant capacity over 60% of the building footprint.
- Air handling equipment is on backup generator power to keep airflow in labs operational in the event of a power outage.

Potable Water

- Cold and hot domestic water provided to all restrooms and showers from central domestic water boiler.

Natural Gas

- PG&E gas service stubbed into building at ground floor level and riser up to penthouse for future tenant tap at each floor level.

Sanitary Waste

- Sanitary waste and vent system provided for potable waste producing fixtures and equipment with all fixtures trapped and vented to atmosphere.

Laboratory Waste

- All underground laboratory waste lines and risers at 4 locations throughout the building stubbed out at each floor level for future tenant connection.
- Monitoring port installed at exterior of building.

Life Safety System

- Fire Alarm Control Panel in place with all required devices located within finished common areas.
- Fire sprinkler riser installed to each floor with distribution piping and sprinklers installed on each floor.

Telecommunications

- Three 4 inch conduits installed from exterior pull box to MPOE located on ground floor. Eight 4 inch conduits installed below slab from central IDF on ground floor for future tenant use.
- Telephone/data rooms constructed on each floor.

Not Included in Warm Shell

- DI water system.
- Central Clean Dry Air (CDA) and vacuum equipment.
- Distributed gases

740 HEINZ AVENUE ARCHITECTURAL DRAWINGS PREPARED BY DGA PLANNERS

A-1 OVERALL SITE PLAN
A-2 ENLARGED SERVICE YARD PLAN AND DETAILS A-003 SITE DETAILS
A-004 ACCESSIBILITY REQUIREMENTS A-005 ENLARGED SITE PLAN
A-101 1ST LEVEL FLOOR PLAN A-102 2ND LEVEL FLOOR PLAN A-103 3RD LEVEL FLOOR PLAN A-104 4TH LEVEL FLOOR PLAN
A-105 ROOF LEVEL FLOOR PLAN A-106 PENTHOUSE ROOF PLAN A-101S 1ST LEVEL SLAB PLAN

A-102S 2ND LEVEL SLAB PLAN A-103S 3RD LEVEL SLAB PLAN A-104S 4TH LEVEL SLAB PLAN A-105S ROOF LEVEL SLAB PLAN
A-201 NORTH & EAST ELEVATIONS A-202 SOUTH & WEST ELEVATIONS
A-301 LONGITUDINAL BUILDING SECTION A-302 CROSS BUILDING SECTION
A-311 WALL SECTIONS A-312 WALL SECTIONS
A-401 TOILET CORE ENLARGED PLANS & ELEVATIONS A-402 ENLARGED PLANS ELEVATORS & STAIRS
A-403 ELEVATOR SECTIONS A-404 STAIR #1 SECTIONS
A-405 STAIR #2 SECTIONS
A-406 LOBBY ENLARGED PLAN
A-407 LOBBY REFLECTED CEILING PLAN
A-408 LOBBY REFLECTED CEILING PLAN - SECOND LEVEL A-411 LOBBY INTERIOR ELEVATIONS
A-421 FINISH GENERAL NOTES AND SCHEDULE A-501 EXTERIOR DETAILS
A-502 EXTERIOR DETAILS A-503 EXTERIOR DETAILS A-504 EXTERIOR DETAILS
A-507 WALL SECTION DETAILS
A-508 PENTHOUSE & ROOF SCREEN ELEVATIONS A-510 INTERIOR FRAMING DETAILS
A-511 PENETRATION DETAILS
A-512 EXTERIOR DETAILS - CANOPY DETAILS A-513 ROOF DETAILS
A-514 ROOF DETAILS
A-515 WATERPROOFING DETAILS A-520 RATED WALL DETAILS
A-521 RATED WALL DETAILS
A-523 INTERIOR DETAILS - ELEVATOR
A-524 INTERIOR DETAILS- STAIR & RAILING A-525 INTERIOR DETAILS - CEILING
A-526 INTERIOR DETAILS - LOBBY
A-527 INTERIOR DETAILS - RECEPTION DESK A-529 MISCELLANEOUS DETAILS
A-601 WALL TYPE SCHEDULE A-602 DOOR SCHEDULE
A-604 WINDOW SCHEDULE

740 HEINZ AVENUE MECHANICAL DRAWINGS PREPARED BY AEI AFFILIATED ENGINEERS

M0-1 MECHANICAL ABBREVIATIONS AND SYMBOLS M0-2 MECHANICAL TITLE 24 COMPLIANCE FORMS M0-3 MECHANICAL TITLE 24 COMPLIANCE FORMS M1-01 MECHANICAL SITE PLAN
M2-1 MECHANICAL 1ST LEVEL FLOOR PLAN M2-2 MECHANICAL 2ND LEVEL FLOOR PLAN M2-3 MECHANICAL 3RD LEVEL FLOOR PLAN M2-4 MECHANICAL4TH LEVEL FLOOR PLAN M2-5 MECHANICAL 5TH LEVEL FLOOR PLAN M3-1 MECHANICAL ROOF PIPING PLAN
M4-1 CHILLED AND BOILER ROOM ENLARGED PLAN M6-1 MECHANICAL SECTIONS
M7-1 MECHANICAL AIR FLOW DIAGRAM
M7-2 MECHANICAL CHW & HW FLOW DIAGRAMS M8-1 MECHANICAL DETAILS
M8-2 MECHANICAL DETAILS M9-1 MECHANICAL SCHEDULES

740 HEINZ AVENUE FIRE PROTECTION DRAWINGS PREPARED BY AEI AFFILIATED ENGINEERS

FP2-1 FIRE PROTECTION 1ST LEVEL FLOOR PLAN FP2-2 FIRE PROTECTION 2ND LEVEL FLOOR PLAN FP2-3 FIRE PROTECTION 3RD LEVEL FLOOR PLAN FP2-4 FIRE PROTECTION 4TH LEVEL FLOOR PLAN FP2-5 FIRE PROTECTION 5TH LEVEL FLOOR PLAN FP7-1 FIREPROTECTION RISER DIAGRAM
FP8-1 FIRE PROTECTION DETAILS ELECTRICAL

740 HEINZ AVENUE ELECTRICAL DRAWINGS PREPARED BY AEI AFFILIATED ENGINEERS

E0-1 ELECTRICAL SYMBOLS AND ABBREVIATIONS E0-2 ELECTRICAL TITLE 24
E0-3 ELECTRICAL TITLE 24 E1-1 ELECTRICAL SITE PLAN
E2-1 ELECTRICAL POWER 1ST LEVEL FLOOR PLAN E2-2 ELECTRICAL POWER 2ND LEVEL FLOOR PLAN E2-3 ELECTRICAL POWER 3RD LEVEL FLOOR PLAN E2-4 ELECTRICAL POWER 4TH LEVEL FLOOR PLAN E2-5 ELECTRICAL POWER 5TH LEVEL FLOOR PLAN E3-1 ELECTRICAL POWER 1ST LEVEL FLOOR PLAN E3-2 ELECTRICAL POWER 2ND LEVEL FLOOR PLAN E3-3 ELECTRICAL POWER 3RD LEVEL FLOOR PLAN E3-4 ELECTRICAL POWER 4TH LEVEL FLOOR PLAN E3-5 ELECTRICAL POWER 5TH LEVEL FLOOR PLAN
E4-1 ELECTRICAL SPECIAL SYSTEMS 1ST LEVEL FLOOR PLAN E4-2 ELECTRICAL SPECIAL SYSTEMS 2ND LEVEL FLOOR PLAN E4-3 ELECTRICAL SPECIAL SYSTEMS 3RD LEVEL FLOOR PLAN E4-4 ELECTRICAL SPECIAL SYSTEMS 4TH LEVEL FLOOR PLAN E4-5 ELECTRICAL SPECIAL SYSTEMS 5TH LEVEL FLOOR PLAN E5-1 ELECTRICAL PANEL SCHEDULES
E6-1 ENLARGED ELECTRICAL ROOMS - 1ST FLOOR PLANS
E6-2 ENLARGED ELECTRICAL ROOMS - 1ST, 2ND, 3RD 4TH FLOOR PLANS E7-1 ELECTRICAL ONE-LINE RISER DIAGRAM
E7-2 ELECTRICAL EMERGENCY ONE-LINE RISER DIAGRAM E7-3 ELECTRICAL FIRE ALARM RISER DIAGRAM
E7-4 ELECTRICAL GROUNDING RISER DIAGRAM E7-5 ELECTRICAL PATHWAY RISER DIAGRAM E8-1 ELECTRICAL SECTIONS AND DETAILS
E9-1 ELECTRICAL LIGHTING FIXTURE SCHEDULE
E9-2 ELECTRICAL FEEDER SCHEDULES & LOAD SUMMARY

740 HEINZ AVENUE PLUMBING DRAWINGS PREPARED BY AEI AFFILIATED ENGINEERS

P0-1 PLUMBING SYMBOLS, ABBREVIATIONS AND NOTES P1-0 PLUMBING SITE PLAN
P2-0 PLUMBING UNDERFLOOR PLAN
P2-1 PLUMBING 1ST LEVEL FLOOR PLAN P2-2 PLUMBING 2ND LEVEL FLOOR PLAN P2-3 PLUMBING 3RD LEVEL FLOOR PLAN P2-4 PLUMBING 4TH LEVEL FLOOR PLAN P2-5 PLUMBING PENTHOUSE / ROOF PLAN
P4-1 PLUMBING ENLARGED RESTROOM PLANS
P7-1 PLUMBING DOMESTIC WATER RISER DIAGRAM
P7-2 PLUMBING SANITARY WASTE AND VENT RISER DIAGRAM P7-3 PLUMBING LAB WASTE AND VENT RISER DIAGRAM
P7-4 PLUMBING STORM DRAINAGE RISER DIAGRAM P7-5 PLUMBING NATURAL

GAS RISER DIAGRAM
P7-6 PLUMBING WASTE WATER RECOVERY SYSTEM RISER DIAGRAM P8-1 PLUMBING DETAILS
P9-1 PLUMBING SCHEDULES

T-24 TITLE 24 ENERGY CALCULATIONS

EXHIBIT C-1

LABORATORY RULES AND REGULATIONS

1. Any laboratory equipment (glass and cage washers, sterilizers, centrifuges, etc.) being used during normal business hours must be properly insulated for noise to prevent interruption of other tenants' business. Landlord reserves the right to request all equipment be insulated prior to occupancy. Should other tenants complain of noise, the laboratory tenant will be responsible for abating any noise issues, at the laboratory tenant's sole cost.

2. Any damages to property due to leaks from laboratory equipment will be the sole responsibility of the laboratory tenant. Should damage occur in other tenant spaces, any and all damages and clean-up will be the responsibility of the laboratory tenant.

3. Animal activities are a recognized and necessary process in the biotech industry. It can only be conducted by laboratory tenants pursuant to all the requirements of their respective lease (including any "Use" clause) and requires specific, written approval by Landlord in advance, which shall not be unreasonably withheld, conditioned or delayed. Any animal operations shall be conducted pursuant to all regulations, standards and best industry practices relating to them.

4. The Project may be a mixed-use facility in which laboratory tenants share space with office tenants. No cartons, containers or cardboard boxes bearing the nature of contents may be stored or left in common area spaces, to include any garage/freight areas. Feed bags, animal carriers, and any and all containers must be disposed of properly and with discretion.

5. All exterior signage relating to laboratory operations (i.e. visible to common areas including corridors) must be kept to the minimum required by law. All signs must have Landlord's approval prior to installation.

EXHIBIT C-2

RULES AND REGULATIONS

1. No sidewalks, entrance, passages, courts, elevators, vestibules, stairways, corridors or halls shall be obstructed or encumbered by Tenant or used for any purpose other than ingress and egress to and from the Premises and if the Premises are situated on the ground floor of the Project, Tenant shall further, at Tenant's own expense, keep the sidewalks and curb directly in front of the Premises clean and free from rubbish.

2. No awning or other projection shall be attached to the outside walls or windows of the Project without the prior written consent of Landlord. No curtains, blinds, shades, drapes or screens shall be attached to or hung in, or used in connection with any window or door of the Premises, without the prior written consent of Landlord. Such awnings, projections, curtains, blinds, shades, drapes, screens and other fixtures must be of a quality, type, design, color, material and general appearance approved by Landlord, and shall be attached in the manner approved by Landlord. All lighting fixtures hung in offices or spaces along the perimeter of the Premises must be of a quality, type, design, bulb color, size and general appearance approved by Landlord.

3. No sign, advertisement, notice, lettering, decoration or other thing shall be exhibited, inscribed, painted or affixed by Tenant on any part of the outside or inside of the Premises or of the Project, without the prior written consent of Landlord. In the event of the violation of the foregoing by Tenant, Landlord may remove same without any liability, and may charge the expense incurred by such removal to Tenant.

4. The sashes, sash doors, skylights, windows and doors that reflect or admit light or air into the halls, passageways or other public places in the Project shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the window sills or in the public portions of the Project.

5. No showcases or other articles shall be put in front of or affixed to any part of the exterior of the Project, nor placed in public portions thereof without the prior written consent of Landlord.

6. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant to the extent that Tenant or Tenant's agents, servants, employees, contractors, visitors or licensees shall have caused the same.

7. Tenant shall not mark, paint, drill into or in any way deface any part of the Premises or the Project. No boring, cutting or stringing of wires shall be permitted, except with the prior written consent of Landlord, and as Landlord may direct.

8. Subject to Tenant's rights, if any, as set forth in Exhibit C-3, no animal or bird of any kind shall be brought into or kept in or about the Premises or the Project, except registered

service animals.

9. Tenant shall cooperate with Landlord's efforts to implement the Project's Sustainability Practices and the applicable Green Building Standards, including, but not limited to, complying with Landlord's then-current energy saving efforts and participating in any recycling programs and occupant satisfaction and transportation surveys.

10. Tenant shall not make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of the Project, or neighboring buildings or premises, or those having business with them. Tenant shall not throw anything out of the doors, windows or skylights or down the passageways.

11. Tenant shall regularly conduct cleaning and janitorial activities, especially in bathrooms, kitchens and janitorial spaces, to remove mildew and prevent moist conditions and shall comply with the Project's Sustainability Practices and Tenant is strongly encouraged to comply with the applicable Green Building Standards.

12. No additional locks, bolts or mail slots of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any change be made in existing locks or the mechanism thereof. Tenant must, upon the termination of the tenancy, 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 any keys so furnished, Tenant shall pay to Landlord the cost thereof.

13. All removals, or the carrying in or out of any safes, freight, furniture, construction material, bulky matter or heavy equipment of any description must take place during the hours which Landlord or its agent may determine from time to time. Landlord reserves the right to prescribe the weight and position of all safes, which must be placed upon two-inch thick plank strips to distribute the weight. The moving of safes, freight, furniture, fixtures, bulky matter or heavy equipment of any kind must be made upon previous notice to the Building Manager and in a manner and at times prescribed by him, and the persons employed by Tenant for such work are subject to Landlord's prior approval. Landlord reserves the right to inspect all safes, freight or other bulky articles to be brought into the Project and to exclude from the Project all safes, freight or other bulky articles which violate any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part.

14. Tenant shall not purchase spring water, towels, janitorial or maintenance or other like service from any company or persons not approved by Landlord. Landlord shall approve a sufficient number of sources of such services to provide Tenant with a reasonable selection, but only in such instances and to such extent as Landlord in its judgment shall consider consistent with security and proper operation of the Project.

15. Landlord shall have the right to prohibit any advertising or business conducted by Tenant referring to the Project which, in Landlord's opinion, tends to impair the reputation of the Project or its desirability as a first class building for offices and/or commercial services and upon notice from Landlord, Tenant shall refrain from or discontinue such advertising.

16. Landlord reserves the right to exclude from the Project between the hours of

6:00 p.m. and 8:00 a.m. Monday through Friday, after 1:00 p.m. on Saturdays and at all hours Sundays and legal holidays, all persons who do not present a pass to the Project issued by Landlord. Landlord may furnish passes to Tenant so that Tenant may validate and issue same. Tenant shall safeguard said passes and shall be responsible for all acts of persons in or about the Project who possess a pass issued to Tenant.

17. Tenant's vendors and contractors shall, while in the Premises or elsewhere in the Project, be subject to and under the control and direction of the Building Manager (but not as agent or servant of said Building Manager or of Landlord) and shall be required to maintain such insurance coverage as reasonably approved by Landlord with liability policies naming Landlord and the Indemnitees as additional insureds.

18. 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 same 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.

19. The requirements of Tenant will be attended to only upon application at the office of the Project. Project personnel shall not perform any work or do anything outside of their regular duties unless under special instructions from the office of the Landlord.

20. Canvassing, soliciting and peddling in the Project are prohibited and Tenant shall cooperate to prevent the same.

21. No water cooler, air conditioning unit or system or other apparatus shall be installed or used by Tenant without the written consent of Landlord.

22. There shall not be used in any premises, or in the public halls, plaza areas, lobbies, or elsewhere in the Project, either by Tenant or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks or dollies, except those equipped with rubber tires and sideguards.

23. Tenant, Tenant's agents, servants, employees, contractors, licensees, or visitors shall not park any vehicles in any driveways, service entrances, or areas posted "No Parking" and shall comply with any other parking restrictions imposed by Landlord from time to time.

24. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate visibly marked (at all times properly operational) fire extinguisher next to any duplicating or photocopying machine or similar heat producing equipment, which may or may not contain combustible material, in the Premises.

25. 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.

26. Tenant shall not use the name of the Project for any purpose other than as the address of the business to be conducted by Tenant in the Premises, nor shall Tenant use any

picture of the Project in its advertising, stationery or in any other manner without the prior written permission of Landlord. Landlord expressly reserves the right at any time to change said name without in any manner being liable to Tenant therefor.

27. Tenant shall not conduct any restaurant, catering operations, or similar activities at the Premises; provided, however, Tenant may cook and/or prepare food and beverage solely for in-Premises consumption by its employees provided that no odors of cooking or other processes emanate from the Premises. Tenant shall not install or permit the installation or use of any vending machine or permit the delivery of any food or beverage to the Premises except by such persons and in such manner as are approved in advance in writing by Landlord.

28. The Premises shall not be used as an employment agency, a public stenographer or typist, a labor union office, a physician's or dentist's office, a dance or music studio, a school, a beauty salon, or barber shop, the business of photographic, multilith or multigraph reproductions or offset printing (not precluding using any part of the Premises for photographic, multilith or multigraph reproductions solely in connection with Tenant's own business and/or activities), a restaurant or bar, an establishment for the sale of confectionery, soda, beverages, sandwiches, ice cream or baked goods, an establishment for preparing, dispensing or consumption of food or beverages of any kind in any manner whatsoever, or news or cigar stand, or a radio, television or recording studio, theatre or exhibition hall, or manufacturing, or the storage or sale of merchandise, goods, services or property of any kind at wholesale, retail or auction, or for lodging, sleeping or for any immoral purposes.

29. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's judgment to absorb and prevent vibration, noise and annoyance. Tenant shall not install any machine or equipment which causes noise, heat, cold or vibration to be transmitted to the structure of the building in which the Premises are located without Landlord's prior written consent, which consent may be conditioned on such terms as Landlord may require. Tenant shall not place a load upon any floor of the Premises exceeding the floor load per square foot that such floor was designed to carry and which is allowed by Law.

30. Tenant shall not store any vehicle within the parking area. Tenant's parking rights are limited to the use of parking spaces for short-term parking, of up to twenty-four (24) hours, of vehicles utilized in the normal and regular daily travel to and from the Project. Tenants who wish to park a vehicle for longer than a 24-hour period shall notify the Building Manager for the Project and consent to such long-term parking may be granted for periods up to two (2) weeks. Any motor vehicles parked without the prior written consent of the Building Manager for the Project for longer than a 24-hour period shall be deemed stored in violation of this rule and regulation and shall be towed away and stored at the owner's expense or disposed of as provided by Law.

31. Smoking is prohibited in the Premises, the Building and all enclosed Common Areas of the Project, including all lobbies, all hallways, all elevators and all lavatories.

EXHIBIT C-3

RULES AND REGULATIONS

Trained and obedient dogs shall be permitted within the Premises solely in the event Tenant leases the entirety of the Building (or during the period prior to Tenant's exercise of the Expansion Option, or if the Expansion Option is not exercised, then upon separate written agreement with Landlord), subject to the following conditions:

Tenant shall keep on file and provide a copy to the Landlord or the Property Manager, completed and executed copies of the attached "Aduro Dog Application Form" prior to allowing dogs to access the Building. Tenant shall enforce the provisions of the Aduro Dog Application Form against the occupants of the Premises.

Upon management's request, Tenant shall facilitate and coordinate a management interview of any dog for which a Aduro Dog Application Form has been submitted. Any Aduro Dog Application Form applies solely to the particular dog identified therein, and does not extend to any other animal.

All dogs must be one year of age or older, and must weigh no more than 65 pounds at full growth. All dogs must be an approved breed. All dogs must be spayed or neutered and shall be licensed and vaccinated in accordance with local laws. Unless otherwise approved by management (which shall include a pet interview by management), the following breeds, or similar breeds/mixes, are not allowed within the Premises or the Project:

Akita	Pit Family	Bloodhound	Great Dane
Presia Canario	Bulldog	Rottwieler	Saint Bernard
Elkhound	Doberman	Mastiff	Dogo Argentino

Unless otherwise agreed by Landlord, the maximum number of dogs within the Premises shall be up to ten (10); provided, however, one time during each calendar year, Tenant may (with advance notice to Landlord) recognize a "bring your dog to work day" during which day the maximum number of dogs within the Premises shall be up to twenty (20).

Dogs shall never be left unattended at the Premises and shall not be kenneled or otherwise remain in the Premises for periods longer than twelve (12) hours in any twenty-four (24) hour period. No dog shall create noise or annoy other occupants of the Aquatic Park Center Campus. Dogs may not be bathed or groomed within the Premises. No pet food or water may be left outside of the Premises.

Dogs are not permitted to be walked or held in common areas of the Aquatic Park Center Campus, except for purposes of ingress and egress to the Premises. Dogs must remain on leash when not within the Premises. Dogs must be taken to the perimeter of the Aquatic Park Center Campus for their toilet purposes. In no event shall any toilet boxes, "pee-pee pads" or dog waste of any kind exist in the Premises. All dog waste is to be removed immediately, sealed in plastic bags, and disposed into an exterior dumpster or trash can.

Tenant shall be charged, without the necessity of prior notice from Landlord, for any extra maintenance, janitorial or similar costs that are incurred by Landlord in connection with dogs within the Premises or Aquatic Park Center Campus, including but not limited to carpet cleaning, excrement removal, painting, wall repair, floor care, and landscape repair/replacement. Tenant's indemnity obligation as set forth in the Lease shall include any claims, suits, liabilities, judgments, costs, demands, causes of action and expenses (including, without limitation, reasonable attorneys' fees, costs and disbursements) arising from the presence of dogs in or about the Premises, the actions of any dogs, or any failure of Tenant or its employees to control such dogs.

Tenant shall abide by any additional rules and regulations established by Landlord.

Landlord may withdraw permission for any or all dogs immediately upon notice following any breach of the foregoing conditions, if Landlord determines that any such dog(s) are bothersome in any way or a nuisance to other occupants of the Aquatic Park Center Campus, or if revocation of permission is otherwise considered necessary by Landlord for the welfare of the Aquatic Park Center Campus.

ADURO DOG APPLICATION FORM

Picture of Dog Here

Name of Dog Owner:

Name of Dog:

Breed of Dog:

Cell Phone:

Vet Name/Phone:

I HAVE READ THE RULES BELOW AND AGREE TO ABIDE BY THE RULES AT ALLTIMES. I UNDERSTAND THAT THE ABILITY TO BRING MY DOG TO WORK IS A PRIVILEGE AND NOT A RIGHT.Signature: Date:

Dogs must be properly licensed and vaccinated.

Dogs are to be leashed when being transported into and out of the Building. Dogs are not to be off leash at anytime in the Common Areas of the Building or the Aquatic Park Center Campus.

All dogs must be supervised and dogs must stay with their owner or designated watcher at all times and should be kept in an employee's office or cubicle when the employee is working there. Dogs are not allowed in bathrooms, break areas, training rooms, or laboratory areas.

Any behavior, which interferes with another employee's ability to work, will be cause for a pet to be taken home (interference is in the eye of the beholder). Aggressive behavior, such as growling, barking, chasing, or biting, is unacceptable and the pet will have to be taken home on the first complaint.

Employees with allergic reactions to dogs may ask the owner to refrain from bringing the dog to the workplace if the presence of the dogs makes it difficult for the allergic employee to work).

Owners are responsible for cleaning up after pets at all times. If a pet has more than one indoor "accident" they will be asked to go home. Employees are financially responsible for any damage or cleaning to Aduro facilities, this includes damage from accidents, excessive pet hair and odor removal.

Owners must maintain adequate liability insurance against dog mishaps. As between Owner and Aduro, Aduro assumes no responsibility for any pet.

C-3-8

RIDER 1 COMMENCEMENT DATE AGREEMENT

Seventh Street Properties VII, LLC, a limited liability company ("Landlord"), and Aduro Biotech, Inc. a Delaware Corporation ("Tenant"), have entered into a certain Office/Laboratory Lease dated as of September 10, 2015 (the "Lease"). Unless otherwise defined herein, all capitalized terms shall have the same meaning ascribed to them in the Lease.

WHEREAS, Landlord and Tenant wish to confirm and memorialize the Commencement Date [and Expiration Date] of the Lease as provided for in Section 2.2(b) of the Lease.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein and in the Lease, Landlord and Tenant agree as follows:

1. The [Commencement Date] [Phase II Commencement Date] [Phase III Commencement Date] is acknowledged to be . The Rentable Area of the Premises is acknowledged to be square feet.

2. Tenant hereby confirms that it has accepted possession of the [Phase I Premises] [Phase II Premises] [Phase III Premises] pursuant to the terms of the Lease and that the Lease is in full force and effect.

3. Except as expressly modified hereby, all terms and provisions of the Lease are hereby ratified and confirmed and shall remain in full force and effect and binding on the parties hereto.

4. The Lease and this Commencement Date Agreement contain all of the terms, covenants, conditions and agreements between the Landlord and the Tenant relating to the subject matter herein. No prior other agreements or understandings pertaining to such matters are valid or of any force and effect.

TENANT:

Aduro Biotech, Inc.,
a Delaware corporation

By:
Print Name:
Its:

By:
Print Name:
Its:

LANDLORD:

Seventh Street Properties VII, LLC,
a California limited liability company

By: Seventh Street Properties VII Associates, LLC Its: Managing Member

By: Wareham-NZL, LLC
a California limited liability company, its Manager

By:
Richard K. Robbins Manager

RIDER 2 ADDITIONAL PROVISIONS

This Rider 2 ("Rider") is attached to and forms a part of a certain Office/Laboratory Lease by and between Seventh Street Properties VII, LLC, a California limited liability company, as Landlord ("Landlord"), and Aduro Biotech, Inc., a Delaware corporation, as Tenant ("Tenant"), for the Premises as described therein (the "Lease"). Capitalized terms used in this Rider shall have the same meanings set forth in the Lease except as otherwise specified herein. This Rider forms a part of the Lease. Should any inconsistency arise between the terms set forth in this Rider and any other provisions of the Lease as to the specific matters which are the subject of this Rider, the terms and conditions of this Rider shall control.

1. LOBBY IMPROVEMENTS

Landlord will be making certain improvements to the lobby area on the ground floor of the building as part of its Landlord Work as shown on the plans and specifications attached hereto as Exhibit B-1. Tenant has notified Landlord that Tenant desires to construct a reception area in the Common Area of the ground floor lobby of the Building that is in addition to and separate from the Landlord Work (the "Lobby Improvements"). Landlord has agreed that Tenant shall have the right to make the Lobby Improvements, at Tenant's sole cost and expense, provided that Tenant fully complies with the terms and conditions of Article 9 of this Lease, including, without limitation, the review and approval by Landlord of detailed architectural plans and specifications and the approval by Landlord of Tenant's contractors. In the event Tenant does not exercise the Expansion Option pursuant to Section 4 of this Rider 2, then Tenant shall, not later than October 1, 2016 and at Tenant's sole cost and expense, remove the Lobby Improvements and restore the affected portion of the Building to the condition which existed prior to the installation of the same. If Tenant fails to perform such obligations in a timely manner, Landlord may perform such work at Tenant's expense.

2. ROOFTOP INSTALLATIONS

Tenant, at its sole cost and expense, shall have the right to utilize up to Tenant's Share of the available area of the roof and mechanical penthouse of the Building for the purposes of installation, maintenance, and from time to time replacement of equipment servicing Tenant's business within the Premises (e.g. satellite dishes and HVAC equipment) and/or a rooftop garden (as applicable "Rooftop Installations"), provided that prior to commencing any installation or maintenance, Tenant shall (i) obtain Landlord's prior approval of the proposed size, weight, specification and location of the Rooftop Installation and method for fastening and/or installation the Rooftop Installation to the roof, (ii) such Rooftop Installation shall be architecturally screened as may be required by Landlord, (iii) such installation and/or replacement shall comply strictly with all Laws and the conditions of any bond or warranty maintained by Landlord on the roof, (iv) use the Rooftop Installation solely for its internal use, (v) not grant any right to use of the Rooftop Installation to any other party, and (vi) obtain and maintain in effect, at Tenant's sole cost and expense, insurance for the Rooftop Installation and any necessary federal, state, and municipal permits, licenses and approvals, and deliver copies thereof to Landlord. Landlord may supervise or perform any roof penetration related to the installation of a Rooftop Installation, and charge the cost thereof to Tenant. All installation, construction and maintenance shall be performed in a neat, responsible, and workmanlike manner, using generally acceptable construction standards, consistent with such reasonable requirements imposed by Landlord. Any cable or wire

placed by Tenant in the telecommunications pathways of the Building shall comply with Landlord's cabling requirements of Section 6.4 of the Lease. Tenant shall repair any damage to the Building caused by Tenant's installation, maintenance, replacement, use or removal of the Rooftop Installation. The Rooftop Installation shall remain the property of Tenant, and Tenant may subject to and in accordance with this Section 2 and Article 9 of the Lease, remove, replace and reinstall the Rooftop Installation at its cost from time to time and at any time during the Term. Tenant shall remove the Rooftop Installation at Tenant's cost and expense upon the expiration or termination of this Lease. The Rooftop Installation, and any wires, cables or connections relating thereto, and the installation, maintenance and operation thereof shall in no way interfere with the use and enjoyment of the Building, or the operation of communications (including, but not limited to, other satellite dishes) or computer devices by Landlord or other tenants or occupants of the Project. If such interference shall occur, Landlord shall give Tenant written notice thereof and Tenant shall take actions as necessary to correct the same within twenty-four (24) hours of receipt of such notice. Landlord makes no warranty or representation that the Building or any portions thereof are suitable for the use of a Rooftop Installation, it being assumed that Tenant has satisfied itself thereof. Tenant shall protect, defend, indemnify and hold harmless Landlord and Landlord's Agents from and against claims, damages, liabilities, costs and expenses of every kind and nature, including attorneys' fees, incurred by or asserted against Landlord arising out of Tenant's installation, maintenance, replacement, use or removal of the Rooftop Installation. Tenant's obligations under this paragraph shall survive any termination of this Lease.

3. EXTERIOR SIGNAGE

In addition to the interior signage identified in Section 6.7 above, Tenant shall be entitled to Tenant's Share of any available monument, eyebrow or parapet logo tenant identification signage for the Building (as applicable, "Tenant's Exterior Signage"). Tenant's Exterior Signage, including, without limitation, the exact location of the Tenant's Exterior Signage and the manner in which it is attached, shall be subject to all applicable Laws, the Aquatic Park Center Campus signage program, and Landlord's prior written approval, which approval shall not be unreasonably withheld, provided that the location does not detract from the first-class quality of the Building. Such right to Tenant's Exterior Signage is personal to the named Tenant hereunder (and any assignee pursuant to a Permitted Transfer) and is subject to the following terms and conditions: (a) Tenant shall submit plans and drawings for the Tenant's Exterior Signage to Landlord and to the City of Berkeley and to any other public authorities having jurisdiction and shall obtain written approval from Landlord and each such jurisdiction prior to installation, and shall fully comply with all applicable Laws; (b) Tenant shall, at Tenant's sole cost and expense, design, construct and install the Tenant's Exterior Signage; (c) the size, color and design of the Tenant's Exterior Signage shall be subject to Landlord's prior written approval, which Landlord shall have the right to withhold in its sole but good faith discretion; and (d) Tenant shall maintain Tenant's Exterior Signage in good condition and repair, and all costs of maintenance and repair shall be borne by Tenant. Maintenance shall include, without limitation, cleaning and, if the Tenant's Exterior Signage is illuminated, relamping at reasonable intervals. Tenant shall be responsible for any electrical energy used in connection with the Tenant's Exterior Signage. At Landlord's option, Tenant's right to the Tenant's Exterior Signage may be revoked and terminated upon occurrence of any of the following events: (i) a Default beyond the applicable cure period shall have occurred and be continuing hereunder, or (ii) the named Tenant hereunder or pursuant to a Permitted Transfer (defined below), a Tenant Affiliate, does not

occupy at least fifty-one percent (51%) of the Premises. Upon the Termination Date or at such other time that Tenant's signage rights may be earlier terminated pursuant to the terms hereof, Tenant shall remove Tenant's Exterior Signage and repair and restore to the condition which existed prior to the installation of the Tenant's Exterior Signage (including, if necessary, the replacement of any precast concrete panels), all at the sole cost and expense of Tenant and otherwise in accordance with this Lease, without further notice from Landlord.

4. EXPANSION RIGHT

(a) Tenant shall have a one-time option (the "Expansion Option") to lease the remainder of the rentable square footage in the Building which shall constitute the remainder of the first (1st) floor, containing an agreed upon 25,600 square feet of Rentable Area (the "Phase II Premises"), and the second (2nd) floor containing an agreed upon 28,801 square feet of Rentable Area (the "Phase III Premises"), upon the terms and conditions contained in this Section 4. The Phase II Premises and the Phase III Premises shall collectively be referred to herein as the "Expansion Premises."

(b) In order to exercise the Expansion Option, Tenant must deliver to Landlord irrevocable written notice of Tenant's exercise (the "Expansion Notice") prior to July 1, 2016; **[*]**. Any notice delivered pursuant to this Section 4 must be given as provided in Article 24 of the Lease. In the event Tenant validly exercises the Expansion Option, then all terms and conditions of the Lease respecting the Premises (including the Lease Term) shall be applicable to the Expansion Premises, subject to the following:

(i) Landlord shall deliver possession of the Phase II Premises and the Phase III Premises upon delivery of the Expansion Notice, following which Tenant shall be subject to all of the terms, covenants and conditions of this Lease respecting the Phase II Premises and the Phase III Premises, except as otherwise expressly provided herein.

(ii) The Lease Term respecting the Phase II Premises shall commence upon the date which is the earlier to occur of: (i) the January 1, 2017, or (ii) the date Tenant first occupies all or part of the Phase II Premises to conduct its business (the "Phase II Commencement Date"). The Monthly Base Rent respecting the Phase II Premises shall commence on the date which is ninety (90) days following the Phase II Commencement Date and shall be determined, from time-to-time, in accordance with the terms of Section 1.1(8) of the Lease.

(iii) The Lease Term respecting the Phase III Premises shall commence upon the date which is the earlier to occur of: (i) the January 1, 2018, or (ii) the date Tenant first occupies all or part of the Phase III Premises to conduct its business (the "Phase III Commencement Date"). The Monthly Base Rent respecting the Phase III Premises shall commence on the date which is sixty (60) days following the Phase III Commencement Date and shall be determined, from time-to-time, in accordance with the terms of Section 1.1(8) of the Lease.

(iv) Tenant's Share with respect to (i) Taxes and (ii) Operating Expenses relating to insurance maintained by Landlord shall be adjusted 100% effective upon the delivery of the Expansion Notice (no earlier than July 1, 2016). Tenant's Share with respect to Operating

Expenses other than those relating to insurance maintained by Landlord shall be 51% (subject to any adjustment to the Rentable Area in accordance with Section 2.1(b)) until the Phase II Commencement Date, adjusted to 74% (subject to any adjustment to the Rentable Area in accordance with Section 2.1(b)) as of the Phase II Commencement Date, and adjusted to 100% on the Phase III Commencement Date.

(v) Within five (5) days following delivery of the Expansion Notice Tenant shall deliver additional Cash Deposit, an amendment to the existing Letter of Credit, or a replacement letter of credit in the new amount that otherwise complies with all other applicable requirements specified in the Lease in order to increase the aggregate Security Deposit Value to an amount equal to $467,780.00.

(vi) Landlord will make available to Tenant a Tenant Improvement Allowance respecting the Phase III Premises in an amount up to Eighty-Five Dollars ($85) for each square foot of Rentable Area of the Phase III Premises, which shall be utilized by Tenant for the construction of Tenant Improvements to the Phase III Premises pursuant to and in accordance with the provisions of Exhibit B to the Lease, provided that Tenant must complete all Tenant Improvements and have submitted Payment Request Supporting Documentation (defined below) for such work no later than March 31, 2018 in order to be entitled to receive the Tenant Improvement Allowance for such work.

(vii) Within thirty (30) days following each of the Phase II Commencement Date and Phase III Commencement Date, Landlord and Tenant shall enter into an agreement (in the form attached as Rider 1) confirming the Phase II Commencement Date or Phase III Commencement Date, as applicable. If Tenant fails to enter into such agreement, then the applicable date shall be as designated by Landlord in such agreement.

5. BACK-UP GENERATOR

(a) Emergency Generator Power. Upon the Commencement Date, Landlord agrees that in the event of an interruption of power to the Building, Tenant may connect Tenant loads to the emergency generator serving the Building (the "Emergency Generator") on the following conditions: (i) Tenant loads to the Emergency Generator shall in no event exceed Tenant's Share of the total kVA capacity of the Emergency Generator available for use in tenant premises; (ii) Any use of the Emergency Generator, including the duration of use, shall be subject to the requirements and limitations (if any) imposed by applicable Law; and (iii) In the event of an emergency causing an interruption of power to any portion of the Building, Landlord may, in its reasonable discretion, immediately shed or shut down Tenant loads (an "Emergency Shut Down") to the extent necessary to redirect the power from the Emergency Generator ("Emergency Generator Power") to the Building's emergency/life-safety systems (e.g., elevators, fire-life safety and emergency lighting). Once known, Landlord shall promptly give notice to Tenant of the percentage capacity of the Emergency Generator Power necessary to provide power to the Building's emergency/life-safety systems. To the extent Landlord's load shedding equipment accommodates shedding Tenant loads in stages, then Landlord shall use commercially reasonable good-faith efforts to shed Tenant loads in a priority which Tenant has delivered to Landlord in writing.

(b) Usage Meter. As a condition to Tenant's right to connect Tenant loads to the

Emergency Generator, Tenant shall install and maintain, at Tenant's sole cost and expense, a meter (the "Meter"), which shall be designed and configured to capture all Tenant loads connected to the Emergency Generator. Tenant shall pay to Landlord, within thirty (30) days after Tenant's receipt of Landlord's demand (which demand shall be accompanied by documentation of the costs and expenses which are the subject of such demand), any and all actual out-of-pocket costs and expenses incurred by Landlord in connection with the supply of power to Tenant for the Emergency Generator, including, without limitation, fuel costs of the Emergency Generator.

(c) Emergency Generator Control Devices. As a condition to Tenant's right to connect Tenant loads to the Emergency Generator, Tenant shall be responsible for its pro-rata share (which for purposes of this provision shall be based on Tenant's connected kVA load as divided by the total kVA capacity of the Emergency Generator) of the actual out-of-pocket costs and expenses incurred by Landlord to install and maintain any control devices (the "Control Devices") which may be designed and configured to either (a) automatically shed Tenant loads, or (b) shut down Tenant loads, if Tenant's use of Emergency Generator Power exceeds the amount permitted by Paragraph 5(a)(i) above. If requested by Tenant, Landlord shall, within ten (10) business days following Tenant's request, provide Tenant with documentation of costs and expenses for which Landlord seeks reimbursement under this Paragraph 5(c).

(d) Emergency Generator Shunt Trip Device. As a condition to Tenant's right to connect Tenant loads to the Emergency Generator and use the Emergency Generator Power, Landlord shall have the right to install and maintain a shunt trip device ("Shunt Trip Device") designed and configured to automatically shut down Tenant's connection to the Emergency Generator and use of Emergency Generator Power in the event that the generator load for the Building exceeds eighty percent (80%) of the Emergency Generator rating. Tenant shall pay to Landlord, as Additional Rent, Tenant's pro-rata share of Landlord's actual out-of-pocket costs and expenses incurred in connection with the installation and maintenance of the Shunt Trip Device. If requested by Tenant, Landlord shall, within ten (10) business days following Tenant's request, provide Tenant with documentation of costs and expenses for which Landlord seeks reimbursement under this Paragraph 5(d).

(e) Landlord's Rights. Tenant shall provide Landlord and Landlord's building management staff (the "Building Management Staff") with access to the Meter installed on the Emergency Generator ("EG Meter") and the Control Devices at all times for the purpose of inspection, and if necessary (in the reasonable opinion of the Building Management Staff or Landlord), to perform maintenance or repairs thereto. In the event that Landlord incurs any cost or expense in connection with the inspection, repair or maintenance of the EG Meter, Tenant shall reimburse Landlord for Landlord's reasonable and customary out-of-pocket costs and expenses in connection therewith within thirty (30) days after Tenant's receipt of Landlord's written demand therefor (which demand shall be accompanied by documentation of the costs and expenses which are the subject of such demand). Landlord shall have the right at any time during the Lease Term to install and maintain additional or separate transfer switches, meters, control devices and shunt trip devices in order to monitor and control Tenant's connection to the Emergency Generator and use of the Emergency Generator Power.

(f) Tenant's Proportionate Share of Emergency Generator Maintenance Costs. Tenant shall pay to Landlord, as additional Rent, an additional amount equal to Tenant's pro-rata

share of Landlord's out-of-pocket cost of maintaining the Emergency Generator; provided, however, in no event shall Tenant be required to pay Landlord for any costs resulting from any conditions of material disrepair or material defects, or from any conditions in violation of applicable Law existing as of the Commencement Date. Notwithstanding any provisions to the contrary in the Lease, such costs may include both operating costs incurred by Landlord as well as the costs of repairs and replacements directly serving, or necessary in Landlord's reasonable judgment for the proper operation of, the Emergency Generator.

(h) Periodic Exercise of Emergency Generator. Notwithstanding anything to the contrary herein or in the Lease, Tenant acknowledges that the Emergency Generator and any transfer switch may be exercised on a periodic basis, such exercise to be conducted by Landlord or the Building Management Staff at Landlord's reasonable discretion. Tenant further acknowledges that annual maintenance procedures require that the Emergency Generator be taken off-line and that an annual full load test be performed on an annual basis, which test shall be conducted by Landlord or the Building Management Staff at Landlord's reasonable discretion; provided, however, Landlord shall give Tenant not less than five (5) business days' prior written notice thereof. Landlord shall not be liable to Tenant, and Tenant shall not be entitled to any abatement of rent or other recourse in the event that Emergency Generator Power is not available for any reason. Landlord's actual out-of-pocket cost of such exercise and testing shall be included in the maintenance costs, of which Tenant shall pay its proportionate share as set forth above in Paragraph 5(f).

(j) Surrender of Meter. Upon the expiration or earlier termination of the Lease Term, Tenant shall surrender and assign to Landlord the Meter with the Expansion Premises, free and clear of any claim, lien, right, title or interest of any third party in or to any such Meter. In no event shall Tenant be entitled to any reimbursement from Landlord for costs incurred by Tenant in connection with Tenant's installation and maintenance of the Meter.

(10) Rights Personal. The rights granted to Tenant under this Paragraph 5 are personal to the named Tenant hereunder (and any assignee pursuant to a Permitted Transfer) (each an "Approved User"), and shall only be exercisable by an Approved User so long only one connection exists from the Expansion Premises to the Emergency Generator at a time. Any attempt by an Approved User or any of its subtenants or other transferees to make any additional connection from the Expansion Premises to the Emergency Generator (beyond the one (1) Approved User connection permitted under this Amendment) shall constitute a material breach and default, and Tenant shall reimburse Landlord for all reasonable and customary out-of-pocket costs and expenses incurred by Landlord in connection with curing any such default within ten business days following Tenant's receipt of Landlord's demand therefor accompanied by documentation of such costs and expenses.

Notices to Tenant shall be addressed:

Prior to the Commencement Date:

626 Bancroft Way, #3C Berkeley, California 94710-2224 Attention: President

On and after the Commencement Date:

At the Premises Attention: President

(4) DATE OF THIS LEASE: September 11, 2015

(5) LEASE TERM: Commencing on the Commencement Date and continuing through the last day of the one hundred forty-fourth (144th) full calendar month following the Commencement Date; provided, however in the event Tenant exercises the Expansion Option (as defined in Rider 2 to this Lease), then the Lease Term shall automatically continue through the last day of the one hundred forty-fourth (144th) full calendar month following the later to occur of the Phase II Commencement Date or the Phase III Commencement Date (as such terms are defined in Rider 2 to this Lease), subject in all cases to the options set forth in Section 2.6 below.

(6) PROJECTED COMMENCEMENT DATE: June 1, 2016

(7) EXPIRATION DATE: The last day of the one hundred forty-fourth (144th) full calendar month following the last to occur of the Commencement Date and, if the Expansion Option is exercised, the Phase II Commencement Date or the Phase III Commencement Date, as applicable.

(8) MONTHLY BASE RENT: An amount determined by multiplying the Rentable Area of the Premises (as the same may exist from time-to-time) by the Applicable Monthly Base Rate. As used herein, the "Applicable Monthly Base Rate" shall be an amount equal to Three Dollars and Fifty Cents ($3.50) for the twelve (12) month period following the Commencement Date (which twelve (12) month period shall include any partial calendar month following the Commencement Date if the Commencement Date is other than the first (1st) day of a calendar month), which amount shall increase by a compounded three percent (3%) on the first, second, third, fourth and fifth annual anniversaries of the Commencement Date, and by a compounded two percent (2%) on the sixth annual anniversary of the Commencement Date and each annual anniversary thereafter.

(9) RENTABLE AREA: Shall mean the rentable square footage based on the standards applicable to the measurement of gross area of a "single-tenant" building in accordance with the Office Buildings: Standard Methods of Measurement, ANSI/BOMA Z65.3- 2009. However, notwithstanding anything to the contrary contained herein, in the event Tenant does not exercise the Expansion Option, then the rentable area of the Premises shall be re- measured by Landlord's architect based on the standards applicable to a "multi-tenant" building in accordance with the Office Buildings: Standard Methods of Measurement, ANSI/BOMA

Exhibit 10.2

September 4, 2015

Blaine Templeman
420 W. 25th Street, Apt 2G
New York, New York 10001

Subject: Offer of Employment

Dear Blaine,

Aduro Biotech, Inc. ("Aduro" or the "Company") is pleased to extend an offer of employment to you for the exempt position of Executive Vice President, General Counsel & Secretary, on the following terms. Your anticipated start date will be September 18, 2015.

You will report to Stephen T. Isaacs, Chairman & CEO and you will work at our facility located in Berkeley, CA. Of course, the Company may change your position, duties, and work location from time to time in its discretion.

Your salary will be $450,000.00 on an annualized basis, less payroll deductions and withholdings, payable monthly. In addition to your base salary, Aduro is prepared to offer you a $250,000.00 signing bonus. You must remain employed by the Company for one year to earn this signing bonus. Therefore, if your employment ends for any reason within one year after your start date, you will be required to repay the signing bonus in full (the after tax value).

You will also be eligible for an annual discretionary bonus of up to 40% of your base salary. Your 2015 bonus will be prorated based on your hire date. Whether you earn or receive a bonus for any given year, and the amount of any such bonus, will be determined by the Company in its sole discretion based upon the Company's and your performance and achievement of objectives to be determined by the Company. If the Company approves payment of a bonus for any given year, the bonus amounts generally will be determined and paid within the first calendar quarter of the following year based on the prior year's performance. To incentivize you to remain employed with the Company, you must be employed on the date any bonus is paid in order to earn the bonus. If your employment terminates for any reason prior to the payment of the bonus, then you will not have earned the bonus and will not receive any portion of it.

Subject to approval by the Company's Board of Directors (the "Board"), under the Company's 2015 Equity Incentive Plan (the "Plan"), the Company will grant you an option to purchase 200,000 shares (the "Option") of the Company's Common Stock at fair market value as determined by the Board as of the date of grant. The Option will be an incentive stock option to the maximum extent permitted by applicable tax law and will be subject to the terms and conditions of the Plan and your grant agreement. Your grant agreement will include a four-year vesting schedule, under which 25 percent of your shares will vest after twelve months of employment, with the remaining shares vesting monthly thereafter, until either your Option is fully vested or your employment ends, whichever occurs first.

"Subject to your relocation to the San Francisco Bay Area by December 31, 2015 and your continued employment through the time of relocation, the Company will reimburse you for the ordinary and necessary expenses incurred by you as a result of your relocation up to an aggregate amount of $150,000.00, but only if they are (i) incurred not later than December 31, 2015, (ii) reasonably incurred by you and (iii) directly related to your relocation. Any reimbursements will be paid to you within 60 days after the date you submit receipts for the expenses, provided you submit those receipts within 30 days after you incur the expense.

As a full time employee of the Company, you will be eligible to participate in the benefits available to full-time Aduro employees, including participation in the Company's 401(k) plan, employee stock purchase plan, Aduro medical/dental programs, life insurance, long-term disability, and vacation accrual, all in accordance with Company policy and the applicable plan documents. You will also be eligible to receive certain severance benefits under the terms of the Company's Severance Plan and the form of Severance Agreement, a copy of which is attached to this letter.

As a Company employee, you will be expected to acknowledge in writing and abide by Company rules and policies, as implemented from time to time, including but not limited to the Company's insider trading policy. As a condition of employment, you must sign and comply with the attached Employee Agreement and the Proprietary Inventions and Disclosure Agreement (the "Confidentiality Agreement"), which prohibits the unauthorized use or disclosure of Company proprietary information, among other obligations.

Your employment with the Company will be "at-will." Nothing contained in this offer letter or any other communication by a management representative is intended to create a contract of continued employment or the providing of benefits. Accordingly, you may terminate your employment with the Company at any time and for any reason whatsoever simply by notifying the Company. Likewise, the Company may terminate your employment at any time, with or without cause or advance notice. Your employment at-will status can only be modified in a written agreement signed by you and by an officer of the Company (other than you, if you are an officer). In addition, please understand that changes in compensation, benefits or other working conditions may occur during your employment and that such changes will not affect your "at-will" employment status.

In compliance with federal laws contained in the Immigration Reform and Control Act of 1986, all offers of employment are contingent upon an applicant's ability to satisfy federal requirements regarding proof of identity and the lawful right to be employed in the United States. Please be sure to bring with you this I-9 identification (e.g. driver's license and Social Security card or passport) on your first day of employment.

In your work for the Company, you will be expected not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality. You hereby represent that you have disclosed to the Company any contract you have signed that may restrict your activities on behalf of the Company and that commencement of your employment with the Company will not violate any agreement currently in place between yourself and current or past employers.

During the period that you render services to the Company, you agree to not engage in any employment, business or activity that is in any way competitive with the business or proposed business of the Company. You will disclose to the Company in writing any other gainful employment, business or activity that you are currently associated with or participate in that competes with the Company. You will not assist any other person or organization in competing with the Company or in preparing to engage in competition with the business or proposed business of the Company.

For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive any installment payments under this letter (whether reimbursements or otherwise) will be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder will at all times be considered a separate and distinct payment. For the avoidance of doubt, if any reimbursements payable to you are subject to the provisions of Section 409A of the US Internal Revenue Code: (a) to be eligible to obtain reimbursement for such expenses you must submit expense reports within 30 days after the expense is incurred, (b) any such reimbursements will be paid no later than December 31 of the year following the year in which the expense was incurred, (c) the amount of expenses reimbursed in one year will not affect the amount eligible for reimbursement in any subsequent year, and (d) the right to reimbursement under this agreement will not be subject to liquidation or exchange for another benefit.

This letter, together with your Confidentiality Agreement and the Severance Agreement, forms the complete and exclusive statement of your employment agreement with the Company. It supersedes any other agreements or promises made to you by anyone, whether oral or written. Changes in your employment terms, other than those changes expressly reserved to the Company's discretion in this letter, require a written modification signed by an officer of the Company.

We look forward to a mutually beneficial relationship and believe that working with our Company will be both personally and professionally rewarding for you. It is our sincere hope that you will join us. We look forward to welcoming you to Aduro.

Please sign and date this letter and the enclosed Confidentiality Agreement and return them to me by September 14, 2015 if you wish to accept employment at the Company under the terms described above.

Please do not hesitate to contact me if you have questions about this offer or about Aduro Biotech.
Best Regards,

/s/ Stephen Isaacs

Stephen Isaacs
Chairman & Chief Executive Officer

I hereby accept the terms of employment as stated above.

/s/ Blaine Templeman September 18, 2015

Blaine Templeman September 18, 2015

Attachment: Severance Agreement

Exhibit 31.1

CERTIFICATIONS

I, Stephen T. Isaacs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aduro Biotech, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2015

/s/ Stephen T. Isaacs
Stephen T. Isaacs
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Gregory W. Schafer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aduro Biotech, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2015

/s/ Gregory W. Schafer

Gregory W. Schafer
Chief Operating Officer

Exhibit 32.1

ADURO BIOTECH, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Aduro Biotech, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen T. Isaacs, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen T. Isaacs
Stephen T. Isaacs
Chairman, President and Chief Executive Officer

November 23, 2015

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Aduro Biotech, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

ADURO BIOTECH, INC.
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Aduro Biotech, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory W. Schafer, Chief Operating Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory W. Schafer
Gregory W. Schafer
Chief Operating Officer

November 23, 2015

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Aduro Biotech, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.