As confidentially submitted to the Securities and Exchange Commission on October 12, 2018.
This draft registration statement has not been publicly filed with the Securities and Exchange Commission and all information herein remains strictly confidential.
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

Under
The Securities Act of 1933

ALECTOR, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**2836**	**82-2933343**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

151 Oyster Point Blvd. Suite 300
South San Francisco, California 94080
415-231-5660
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Arnon Rosenthal, Ph.D.
Chief Executive Officer
Alector, Inc.
151 Oyster Point Blvd. Suite 300
South San Francisco, California 94080
415-231-5660
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Kenneth A. Clark **Tony Jeffries** **Michael E. Coke** **Wilson Sonsini Goodrich & Rosati, P.C.** **650 Page Mill Road** **Palo Alto, California 94304** **650-493-9300**	**Stephanie Yonker, Ph.D.** **Vice President, Legal** **Alector, Inc.** **151 Oyster Point Blvd. Suite 300** **South San Francisco, California 94080** **415-231-5660**	**Alan F. Denenberg** **Stephen Salmon** **Davis Polk & Wardwell LLP** **1600 El Camino Real** **Menlo Park, California 94025** **650-752-2000**

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

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

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

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☒

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee**
Common Stock, $0.0001 par value	$	$

(1) Includes offering price of any additional shares of common stock that the underwriters have the option to purchase.
(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

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

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

SUBJECT TO COMPLETION, DATED , 2018

Shares

COMMON STOCK

This is an initial public offering of shares of common stock by Alector, Inc.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price will be between $ and $ per share.

We intend to apply to list our common stock on under the symbol " ."

We are an "emerging growth company" as defined under the federal securities laws and, as such, have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings.

Investing in our common stock involves risks. See the section titled "Risk Factors" beginning on page 10 to read about factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities, or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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

(1) See the section titled "Underwriting" for a description of the compensation payable to the underwriters.

We have granted the underwriters an option to purchase up to additional shares of our common stock at the initial public offering price less underwriting discounts and commissions to cover over-allotments. The underwriters can exercise this option at any time within 30 days after the date of this prospectus.

The underwriters expect to deliver the shares of common stock to purchasers on or about , 2018.

Morgan Stanley **BofA Merrill Lynch** **Cowen** **Barclays**

Prospectus dated , 2018.

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Through and including , 2019 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

We and the underwriters have not authorized anyone to provide you any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations, and prospects may have changed since that date.

For investors outside of the United States: we have not and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States. Persons outside of the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. It does not contain all of the information that may be important to you and your investment decision. You should carefully read this entire prospectus, including the sections titled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our financial statements and related notes. In this prospectus, unless context requires otherwise, references to "we," "us," "our," "Alector," or "the Company" refer to Alector, Inc.

ALECTOR, INC.

Overview

Our mission is to develop therapies that empower the immune system to cure neurodegeneration.

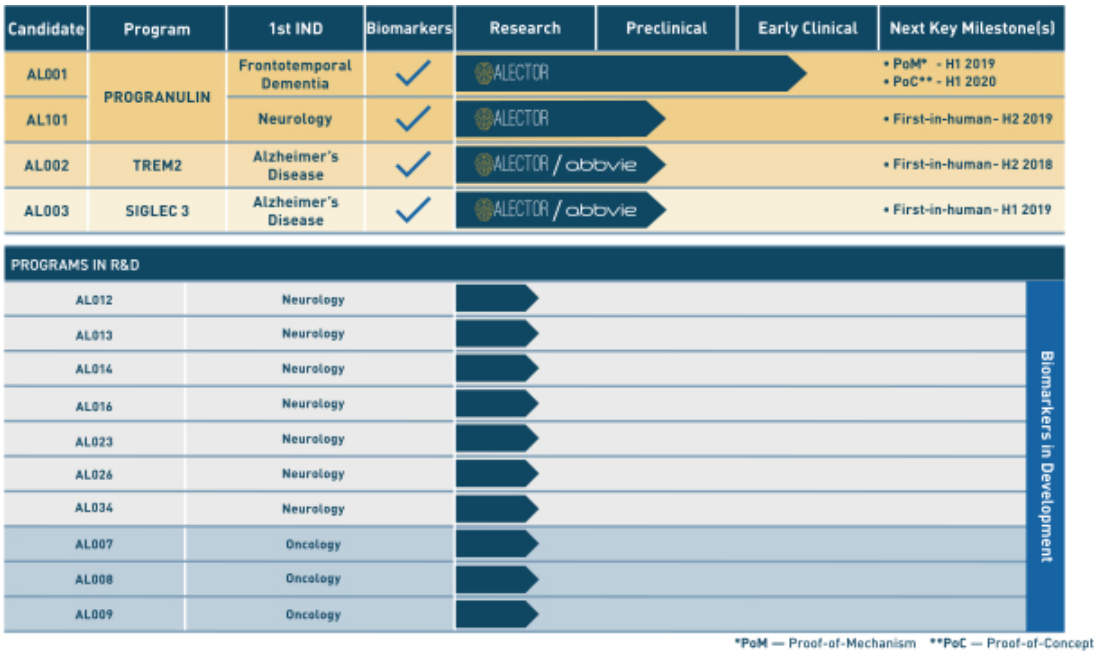
We are a clinical stage biopharmaceutical company pioneering immuno-neurology, a novel therapeutic approach for the treatment of neurodegeneration. Immuno-neurology targets immune dysfunction as a root cause of multiple pathologies that are drivers of degenerative brain disorders. We are developing therapies designed to simultaneously counteract these pathologies by restoring healthy immune function to the brain. Supporting our scientific approach, our Discovery Platform enables us to advance a broad portfolio of product candidates to improve the probability of technical success over shorter development timelines. As a result, in the last five years, we have identified over 40 immune system targets, progressed over 10 programs into preclinical research, and advanced AL001, our first product candidate, into clinical development. We anticipate proof-of-mechanism data for AL001 in the first half of 2019, and we expect to have three additional product candidates in clinical development in 2019.

Our Discovery Platform leverages large scale human genetic datasets, advanced tools in bioinformatics and imaging, and insights into neurodegeneration and immunology to identify immune system targets that play a critical role in the development of multiple neurodegenerative diseases. Our Discovery Platform focuses on:

- ***Target Selection.*** We identify genetic mutations in the brain's immune system that we believe are the root cause of neurodegeneration, employ a suite of genetic tools to elucidate the immune dysfunction caused by these mutations, and then engineer immune modulating antibodies to counteract the harmful consequences of these genetic mutations.
- ***Biomarker Selection.*** We are able to identify and employ molecular biomarkers, assays, and precise imaging techniques to confirm target engagement and measure the impact of our product candidates, allowing us to obtain meaningful indications of efficacy earlier than would otherwise be expected using traditional clinical measures.
- ***Patient Selection.*** We utilize genetic screening and biomarkers to better align a patient's specific diagnosis with the targeted intervention in each of our clinical studies.

Our immuno-neurology approach and our Discovery Platform are designed to broadly address multiple neurodegenerative disorders. The breadth of our opportunity is reinforced by our ability to engineer therapeutics capable of modulating a broad array of immune targets across multiple mechanisms of action, including product candidates that activate, block, inhibit, or down-regulate a given target as therapeutically needed. Our intellectual property portfolio covers over 25 patent families, consisting of one approved patent and over 100 pending patent applications directed to over 15 different targets and technologies.

The following tables highlight our clinical and research programs.



Our first program modulates progranulin (PGRN), a regulator of immune activity in the brain with genetic links to multiple neurodegenerative disorders, including frontotemporal dementia (FTD), Alzheimer's disease, and Parkinson's disease. AL001, our first PGRN product candidate in clinical development, is designed to treat FTD, a severe, rapidly progressing neurodegenerative disorder that affects approximately 170,000 individuals in the United States and the European Union alone, with expected prevalance of 15 to 22 per 100,000 in Asia and Latin America. In July 2018, AL001 received orphan drug designation from the United States Food and Drug Administration (FDA) for the treatment of FTD. AL001 entered the clinic in the third quarter of 2018 aimed at treating a genetic subset of FTD patients carrying a PGRN loss of function mutation (FTD-GRN). We anticipate proof-of-mechanism data for AL001 in the first half of 2019. We also anticipate initiating a Phase 1 clinical trial in an additional genetic subset of FTD patients (FTD-C9orf72) in 2019 and initiating a Phase 1 clinical trial in the broader FTD population following proof-of-concept data in FTD-GRN. We are also advancing a second PGRN product candidate, AL101, which has different pharmacokinetic and pharmacodynamic characteristics than AL001, and is expected to have utility in a broader set of indications, such as Alzheimer's disease and Parkinson's disease. We own worldwide rights to AL001 and AL101.

Our next development programs focus on modulating check-point receptors on the brain's immune cells, Triggering Receptor Expressed on Myeloid cells 2 (TREM2) and sialic acid binding Ig-like lectin 3 (SIGLEC 3), with strong genetic links to Alzheimer's disease. We are advancing AL002 and AL003 for the treatment of Alzheimer's disease. We have partnered with AbbVie Biotechnology, Ltd. (AbbVie), a leader in neuroscience drug development, for the global development and potential commercialization of AL002 and AL003. We are responsible for execution of the Phase 1 and Phase 2 studies. If AbbVie exercises its option for a program, AbbVie will be responsible for executing certain development activities and global commercialization of AL002 and AL003. As part of this partnership, we received $205.0 million in upfront payments, $20.0 million from the sale of shares of our preferred stock and are eligible for up to an additional $985.6 million in option exercise and milestone payments and a global profit share upon commercialization.

The Immune System is Central to Neurodegeneration

The loss of healthy immune function in the brain, due to cellular aging or mutations of genes that regulate key immune cells, underlies the onset and progression of multiple neurodegenerative disorders. Genomic analyses have shown that there is a strong correlation between genetic mutations that predispose individuals to neurodegeneration and dysfunction in the immune system. For example, 22 of the top 25 risk genes identified by evaluating large-scale data on tens of thousands of Alzheimer's disease patients regulate immune function in the brain. As a result of these genetic mutations, the brain's immune function deteriorates and subsequently would fail to carry out critical activities, which include:

- clearing or counteracting pathological neurodegenerative proteins such as amyloid-beta, TAU, alpha-synuclein, and TDP-43;
- providing metabolic and functional support to nerve cells;
- inducing and maintaining synaptic connections;
- protecting nerve cells by stimulating the regeneration of myelin sheaths around nerve fibers; and
- controlling the neurotoxic activities of activated astrocytes and rogue microglia.

We believe that restoring the immune system's ability to perform all of these vital functions in the brain is crucial to addressing neurodegeneration given that past approaches focusing on single degenerative pathologies have proved inadequate to date.

Since the early 20th century, the root cause of neurodegeneration has been thought to be misfolded and aggregated pathological proteins. Other observable pathologies, including destruction of synapses, accelerated nerve cell death, and dysfunction of the brain support cells, were all thought to be consequences of these pathological misfolded proteins. As a result, attempts to develop therapies for neurodegeneration have been centered on blocking the synthesis of, and removing or dis-aggregating misfolded proteins. These attempts have been largely unsuccessful, as the disease continues to progress despite significant clearance of the misfolded protein. We believe that the multiple pathologies found in degenerative brain disorders become independent of the misfolded proteins, and each other, at early disease stages and are driven primarily by dysfunction of the brain's immune system.

Specifically, the brain's immune system undergoes gradual deterioration of functional characteristics as part of normal biological aging or due to harmful genetic mutations that are linked to neurodegeneration and are associated with accelerated senescence of the brain immune cells. These cells are no longer capable of executing their beneficial and protective roles and instead often become harmful and destructive to the brain. Based on our understanding of the role of genetic mutations in neurodegeneration, we have designed our product candidates to target the mutated genes linked to neurodegeneration, with the goal of slowing or reversing the deterioration of the brain's immune cells to achieve therapeutic benefit. By restoring healthy immune function in the brain, we believe we can simultaneously counteract the multiple independent pathologies responsible for neurodegeneration.

Our Team

Our team is led by seasoned executives with a proven track record of drug discovery and development in neuroscience, as well as substantial operational and business expertise. Our Co-Founder and Chief Executive Officer, Arnon Rosenthal, Ph.D., has spent over 35 years developing therapeutics in neuroscience and led teams responsible for the development of the non-addictive pain drug tanezumab and the migraine drug AJOVY, and multiple other programs in clinical development. He also held several leadership roles over a 16-year career at Genentech, where he led the team that discovered the target for the cancer drug Erivedge. Our Chief Medical Officer, Robert Paul, M.D., Ph.D., served as the Therapeutic Area Lead for Neuroscience at Genentech, where

among other projects, he oversaw neurodegeneration clinical trials with the amyloid-beta antibody crenezumab in Alzheimer's disease, GDC-0134 in amyotrophic lateral sclerosis, and GDC-0276 and GDC-0310 in pain. Our Chief Development Officer, Robert King, Ph.D., previously served as the Senior Vice President of development and supply chain at SciClone Pharmaceuticals. Our Chief Business Officer, Sabah Oney, Ph.D., previously served as the Head of Global Sales and Business Development at Ariosa Diagnostics until and through its acquisition by Roche.

Our team is further supported by a group of investors that share our commitment to advancing immunotherapy as a transformative cure for neurodegeneration. Our key investors include major biopharmaceutical companies, AbbVie, Amgen, and Merck, and leading institutional investors, Casdin Capital, Deerfield Management, Euclidean Capital, Federated Kaufmann Fund, Foresite Capital, GV, Lilly Asia Ventures, Mission Bay Capital, New Leaf Venture Partners, OrbiMed, Perceptive Advisors, Polaris Partners, Section 32, and the Dementia Discovery Fund, a specialist venture capital fund entirely focused on advancing breakthrough treatments for dementia.

Our Strategy

Our goal is to develop therapies that empower the immune system to cure neurodegeneration. The key tenets of our business strategy to achieve this goal include:

- building the leading, fully-integrated company focused on delivering innovative immuno-therapies for the treatment of neurodegeneration;
- applying our proprietary development capabilities to rapidly advance our product candidates through clinical proof-of-concept studies and beyond;
- maximizing the therapeutic potential of our existing targets and product candidates; and
- continuing to focus on discovering new targets and product candidates to prosecute the full power of our insights and platform.

Risks Associated with Our Business

Our business is subject to numerous risks and uncertainties that you should consider before investing in our company. These risks are described more fully in the section titled "Risk Factors" in this prospectus. These risks include, but are not limited to, the following:

- We are in the early stages of clinical drug development and have a limited operating history and no products approved for commercial sale.
- We have incurred significant net losses in each period since our inception and anticipate that we will continue to incur net losses for the foreseeable future.
- Drug development is a highly uncertain undertaking and involves a substantial degree of risk.
- We will need to obtain substantial additional financing to complete the development and any commercialization of our product candidates.
- Due to the significant resources required for the development of our products, and depending on our ability to access capital, we must prioritize development of certain product candidates.
- Research and development of biopharmaceutical products is inherently risky. Our business is heavily dependent on the successful development of our product candidates.
- We may not be successful in our efforts to continue to create a pipeline of product candidates from our Discovery Platform or to develop commercially successful products.
- We may not be successful in our efforts to expand indications for approved product candidates.

- We have concentrated a substantial portion of our research and development efforts on the treatment of neurodegenerative diseases, a field that has seen limited success in drug development.
- We may encounter substantial delays in our clinical trials, or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.
- Our clinical trials may fail to demonstrate substantial evidence of the safety and efficacy of our product candidates, which would prevent, delay, or limit the scope of regulatory approval and the commercialization of our product candidates.

Corporate Information

We were initially formed as a limited liability company in Delaware in May 2013 under the name Alector LLC and completed our restructuring to a corporation in October 2017 under the name Alector, Inc. Our principal executive offices are located at 151 Oyster Point Boulevard, Suite 300, South San Francisco, California 94080. Our telephone number is 415-231-5660. Our website address is www.alector.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus and should not be considered to be part of this prospectus.

We use Alector, the Alector logo, and other marks as trademarks in the United States and other countries. This prospectus contains references to our trademarks and service marks and to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus, including logos, artwork, and other visual displays, may appear without the ® or TM symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights, or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other entities' trade names, trademarks, or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other entity.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended (JOBS Act). We will remain an emerging growth company until the earliest to occur of: the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; the issuance, in any three-year period, by us of more than $1.0 billion in non-convertible debt securities; and the last day of the fiscal year ending after the fifth anniversary of our initial public offering. As a result of this status, we have taken advantage of reduced reporting requirements in this prospectus and may elect to take advantage of other reduced reporting requirements in our future filings with the Securities and Exchange Commission. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. We have irrevocably elected not to avail ourselves of this exemption and, as a result, upon completion of this offering we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies that are not emerging growth companies.

THE OFFERING

Common stock offered by us	shares
Common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full)
Underwriters' option to purchase additional shares of common stock from us	shares
Use of proceeds	We estimate that the net proceeds to us from the sale of the shares of our common stock in this offering will be approximately $ million, or approximately $ million if the underwriters exercise their option to purchase additional shares in full, based upon an assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, together with our existing resources, as follows: (1) to fund Phase 1 trials for each of AL001 and AL101, as well as preparation for a Phase 2/3 clinical trial for AL001; (2) to advance AL002 and AL003 into and through Phase 1 clinical trials; (3) to fund Phase 2 enabling activities for AL002 and AL003; (4) to continue to advance our preclinical development pipeline; (5) to further develop our Discovery Platform; and (6) to fund working capital and other general corporate activities. See the section titled "Use of Proceeds" for more information.
Risk factors	See the section of this prospectus titled "Risk Factors" beginning on page 10 and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Proposed trading symbol	" "

The number of shares of our common stock to be outstanding after this offering is based on the 54,707,857 shares of our common stock outstanding as of June 30, 2018 (including convertible preferred stock on an as-converted basis), and excludes the following:

- 286,750 shares of common stock issuable upon exercise of options to purchase shares of our common stock outstanding as of June 30, 2018, at a weighted-average exercise price of $7.38 per share;
- 2,761,750 shares of common stock issuable upon exercise of options to purchase shares of our common stock that we granted after June 30, 2018, at a weighted-average price of $8.22 per share;
- 4,407,187 shares of common stock issuable upon the conversion of 4,407,187 shares of Series E preferred stock issued in July 2018, with a purchase price of $14.2154 per share, for aggregate gross proceeds of $62.6 million;

- 4,898,000, shares of common stock for future issuance under our 2017 Stock Option and Grant Plan, which shares will be added to the shares to be reserved under our 2019 Equity Incentive Plan (the 2019 Plan);
- shares of common stock reserved for future issuance under our 2019 Plan, which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan; and
- shares of common stock reserved for issuance under our 2019 Employee Stock Purchase Plan, which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan.

Unless otherwise indicated, this prospectus reflects and assumes the following:

- no exercise of outstanding options;
- no exercise by the underwriters of their option to purchase additional shares of common stock from us in this offering;
- the conversion of all outstanding shares of our convertible preferred stock into shares of our common stock, which will occur immediately prior to the closing of this offering; and
- the filing and effectiveness of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, which will occur immediately prior to the closing of this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables summarize our consolidated financial data for the periods and as of the dates indicated. We derived the consolidated statement of operations data for the years ended December 31, 2016 and 2017, and balance sheet data for 2016 and 2017, from our audited consolidated financial statements included elsewhere in this prospectus. We derived the consolidated statement of operations data for the six months ended June 30, 2017 and 2018, and the consolidated balance sheet data as of June 30, 2018, from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as our annual audited consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal, recurring adjustments that are necessary to present fairly the unaudited interim condensed consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results to be expected for the full year or any other period. You should read the following summary consolidated financial data in conjunction with our consolidated financial statements and the related notes appearing elsewhere in this prospectus and the information in the section titled "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(In thousands, except share and per share data)		(Unaudited)	
Consolidated Statement of Operations Data:				
Revenue:				
Collaboration revenue	$ —	$ 2,872	$ —	$ 11,860
Grant revenue	416	863	523	169
Total revenue	416	3,735	523	12,029
Operating expenses:				
Research and development	13,674	29,911	11,090	28,542
General and administrative	1,874	6,503	2,214	4,943
Total operating expenses	15,548	36,414	13,304	33,485
Loss from operations	(15,132)	(32,679)	(12,781)	(21,456)
Other income, net	22	199	112	1,898
Net loss	$ (15,110)	$ (32,480)	$ (12,669)	$ (19,558)
Net loss per share, basic and diluted[1]	$ (2.11)	$ (3.55)	$ (1.49)	$ (1.78)
Shares used in computing net loss per common share, basic and diluted[1]	7,173,411	9,142,688	8,497,527	11,008,568
Pro forma net loss per share, basic and diluted (unaudited)[1]		$ (0.72)		$ (0.40)
Shares used in computing pro forma net loss per share, basic and diluted (unaudited)[1]		45,143,891		48,811,762

(1) See Note 10 of the notes to our consolidated financial statements and Note 8 of the notes to our unaudited interim condensed consolidated financial statements included elsewhere in the prospectus for a description of how we compute basic and diluted net loss per share, basic and diluted unaudited pro forma net loss per share, and the number of shares used in the computation of the per share amounts.

	As of June 30, 2018		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)(3)
		(In thousands) (Unaudited)	
Consolidated Balance Sheet Data:			
Cash, cash equivalents, and marketable securities	$268,099	$ 268,099	
Working capital	233,131	233,131	
Total assets	274,883	274,883	
Deferred revenue	190,268	190,268	
Total liabilities	196,712	196,712	
Convertible preferred stock	147,569	—	
Accumulated deficit	(81,745)	(81,745)	
Total stockholders' equity (deficit)	(69,398)	78,171	

(1) The pro forma consolidated balance sheet data gives effect to (i) the conversion of all outstanding shares of convertible preferred stock into shares of common stock immediately prior to the closing of this offering and (ii) the filing and effectiveness of our amended and restated certificate of incorporation that will be in effect upon the closing of this offering.

(2) The pro forma as adjusted consolidated balance sheet data further reflects our receipt of net proceeds from the sale of shares of common stock in this offering at the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

(3) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease each of cash, cash equivalents, and marketable securities, working capital, total assets, and total stockholders' equity (deficit) by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated expenses payable by us. Each increase or decrease of 1,000,000 shares in the number of shares of common stock offered by us would increase or decrease each of cash, cash equivalents, and marketable securities, working capital, total assets, and total stockholders' equity (deficit) by approximately $ million, assuming a price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same, and after deducting the underwriting discounts and commissions and estimated expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this prospectus, including our financial statements and the related notes and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus, before deciding whether to invest in our common stock. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations, and growth prospects. In such an event, the market price of our common stock could decline and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations and the market price of our common stock.

Risks Related to Our Business, Financial Condition, and Capital Requirements

We are in the early stages of clinical drug development and have a limited operating history and no products approved for commercial sale, which may make it difficult to evaluate our current business and predict our future success and viability.

We are an early clinical-stage biopharmaceutical company with a limited operating history, focused initially on developing therapeutics for neurodegenerative diseases, including frontotemporal dementia (FTD), Alzheimer's disease, and Parkinson's disease. We commenced operations in May 2013. To date, we have only generated revenue from our collaboration arrangements and a government grant. We have no products approved for commercial sale and have not generated any revenue from product sales. Drug development is a highly uncertain undertaking and involves a substantial degree of risk. We have only recently begun a Phase 1 clinical trial for our most advanced product candidate, AL001, which is targeting a subset of FTD patients who have a known genetic mutation (FTD-GRN) that causes a deficiency in progranulin (PGRN), and have not initiated clinical trials for any of our other current product candidates. To date, we have not initiated or completed a pivotal clinical trial, obtained marketing approval for any product candidates, manufactured a commercial scale product, or arranged for a third party to do so on our behalf, or conducted sales and marketing activities necessary for successful product commercialization. Our short operating history as a company makes any assessment of our future success and viability subject to significant uncertainty.

We will encounter risks and difficulties frequently experienced by early-stage biopharmaceutical companies in rapidly evolving fields, and we have not yet demonstrated an ability to successfully overcome such risks and difficulties. If we do not address these risks and difficulties successfully, our business will suffer.

We have incurred significant net losses in each period since our inception and anticipate that we will continue to incur net losses for the foreseeable future.

We have incurred net losses in each reporting period since our inception, including net losses of $15.1 million and $32.5 million for the years ended December 31, 2016 and 2017, respectively, and $12.7 million and $19.6 million for the six months ended June 30, 2017 and 2018, respectively. As of June 30, 2018, we had an accumulated deficit of $81.7 million.

We have invested significant financial resources in research and development activities, including for our preclinical and clinical product candidates. We do not expect to generate revenue from product sales for several years, if at all. The revenue we currently generate from our collaboration arrangement with AbbVie Biotechnology, Ltd. (AbbVie) is variable and limited in amount based on such arrangements. For our collaboration with AbbVie, we recognize collaboration revenue by measuring the progress towards complete satisfaction of the performance of obligation measured as the program costs are incurred. The amount of our future net losses will depend, in part, on the level of our future expenditures and revenue. Moreover, our net losses may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our future performance.

We expect to continue to incur significant expenses and increasingly higher operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- continue our research and discovery activities;
- advance our Discovery Platform, including our target, patient, and biomarker selections;
- progress our current and any future product candidates through preclinical and clinical development;
- initiate and conduct additional preclinical, clinical, or other studies for our product candidates;
- work with our contract development and manufacturing organizations (CDMOs) to scale up the manufacturing processes for our product candidates or, in the future, establish and operate a manufacturing facility;
- change or add additional contract manufacturers or suppliers;
- seek regulatory approvals and marketing authorizations for our product candidates;
- establish sales, marketing, and distribution infrastructure to commercialize any products for which we obtain approval;
- make milestone, royalty, or other payments due under any license or collaboration agreements;
- take steps to seek protection of our intellectual property and defend our intellectual property against challenges from third parties;
- obtain, maintain, protect, and enforce our intellectual property portfolio, including intellectual property obtained through license agreements;
- attract, hire, and retain qualified personnel;
- provide additional internal infrastructure to support our continued research and development operations and any planned commercialization efforts in the future;
- experience any delays or encounter other issues related to our operations;
- meet the requirements and demands of being a public company; and
- defend against any product liability claims or other lawsuits related to our products.

Our prior losses and expected future losses have had and will continue to have an adverse effect on our stockholders' equity and working capital. In any particular quarter or quarters, our operating results could be below the expectations of securities analysts or investors, which could cause our stock price to decline.

Drug development is a highly uncertain undertaking and involves a substantial degree of risk.

We have no products approved for commercial sale. To obtain revenues from the sales of our product candidates that are significant or large enough to achieve profitability, we must succeed, either alone or with third parties, in developing, obtaining regulatory approval for, manufacturing, and marketing therapies with significant commercial success. Our ability to generate revenue and achieve profitability depends on many factors, including:

- completing research and preclinical and clinical development of our product candidates;
- obtaining regulatory approvals and marketing authorizations for product candidates for which we successfully complete clinical development and clinical trials;
- developing a sustainable and scalable manufacturing process for our product candidates, as well as establishing and maintaining commercially viable supply relationships with third parties that can provide adequate products and services to support clinical activities and commercial demand of our product candidates;

- identifying, assessing, acquiring, and/or developing new product candidates;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter;
- launching and successfully commercializing product candidates for which we obtain regulatory and marketing approval, either by collaborating with a partner or, if launched independently, by establishing a sales, marketing, and distribution infrastructure;
- obtaining and maintaining an adequate price for our product candidates, both in the United States and in foreign countries where our products are commercialized;
- obtaining adequate reimbursement for our product candidates from payors;
- obtaining market acceptance of our product candidates as viable treatment options;
- addressing any competing technological and market developments;
- receiving milestones and other payments under our current and any future collaboration arrangements;
- maintaining, protecting, expanding, and enforcing our portfolio of intellectual property rights, including patents, trade secrets, and know-how; and
- attracting, hiring, and retaining qualified personnel.

Because of the numerous risks and uncertainties associated with drug development, we are unable to predict the timing or amount of our expenses, or when we will be able to generate any meaningful revenue or achieve or maintain profitability, if ever. In addition, our expenses could increase beyond our current expectations if we are required by the U.S. Food and Drug Administration (FDA) or foreign regulatory agencies, to perform studies in addition to those that we currently anticipate, or if there are any delays in any of our or our future collaborators' clinical trials or the development of any of our product candidates. Even if one or more of our product candidates is approved for commercial sale, we anticipate incurring significant costs associated with launching and commercializing any approved product candidate and ongoing compliance efforts.

We will need to obtain substantial additional financing to complete the development and any commercialization of our product candidates, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, reduce, or terminate our commercialization efforts, product development, or other operations.

Our operations have required substantial amounts of cash since inception, and we expect our expenses to increase significantly in the foreseeable future. To date, we have financed our operations primarily through the sale of equity securities and through our government grant and upfront payments received in connection with our collaboration arrangement with AbbVie. Developing our product candidates and conducting clinical trials for the treatment of neurodegenerative diseases, including FTD, Alzheimer's disease, and Parkinson's disease, will require substantial amounts of capital. We will also require a significant amount of capital to commercialize any approved products.

As of June 30, 2018, we had cash, cash equivalents, and marketable securities of $268.1 million. Based on our current operating plan, we believe that our existing cash, cash equivalents, and marketable securities will be sufficient to fund our projected operations through at least the next 12 months. Our estimate as to how long we expect our existing cash, cash equivalents, and marketable securities to be available to fund our operations is based on assumptions that may be proved inaccurate, and we could use our available capital resources sooner than we currently expect. In addition, changing circumstances may cause us to increase our spending significantly faster than we currently anticipate, and we may need to spend more money than currently expected because of circumstances beyond our control. We may need to raise additional funds sooner than we anticipate if we choose to expand more rapidly than we presently anticipate.

We will require additional capital for the further development and, if approved, commercialization of our product candidates. Additional capital may not be available when we need it, on terms acceptable to us or at all. We have no committed source of additional capital. If adequate capital is not available to us on a timely basis, we may be required to significantly delay, scale back, or discontinue our research and development programs or the commercialization of any product candidates, if approved, or be unable to continue or expand our operations, or otherwise capitalize on our business opportunities, as desired, which could materially affect our business, financial condition, results of operations, and growth prospects and cause the price of our common stock to decline.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends. If we raise additional funds through collaborations, strategic alliances, or licensing arrangements with pharmaceutical partners, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs, or product candidates, or grant licenses on terms that may not be favorable to us.

Due to the significant resources required for the development of our programs, and depending on our ability to access capital, we must prioritize development of certain product candidates. Moreover, we may expend our limited resources on programs that do not yield a successful product candidate or fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

To date, we have identified over 40 immune system targets. In the last five years, we have progressed over 10 programs into preclinical research. By the end of 2019, we expect to have four product candidates in clinical trials. Together, the development of these programs and product candidates require significant capital investment. Due to the significant resources required for the development of our programs and product candidates, we must focus our programs and product candidates on specific diseases and disease pathways and decide which product candidates to pursue and advance and the amount of resources to allocate to each. Our drug development strategy is to clinically test and seek regulatory approval for our product candidates in indications in which we believe there is the most evidence that we will be able to quickly generate proof-of-concept efficacy data. We then intend to expand to clinical testing and seek regulatory approvals in other neurodegenerative indications based on genetic and mechanistic overlap with the primary indication. However, even if our product candidates are able to gain regulatory approval in one indication, there is no guarantee that we will be able to expand to other indications, and we may expend significant resources in seeking such approvals. In addition, we may focus resources on pursuing indications outside of neurodegeneration based on the same genetic and mechanistic rationale we utilize in determining on which of our discovery programs to focus. Our decisions concerning the allocation of research, development, collaboration, management, and financial resources toward particular product candidates or therapeutic areas may not lead to the development of any viable commercial product and may divert resources away from better opportunities. Similarly, our potential decisions to delay, terminate, or collaborate with third parties in respect of certain programs may subsequently also prove to be suboptimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the viability or market potential of any of our programs or product candidates or misread trends in the biopharmaceutical industry, in particular for neurodegenerative diseases, our business, financial condition, and results of operations could be materially adversely affected. As a result, we may fail to capitalize on viable commercial products or profitable market opportunities, be required to forego or delay pursuit of opportunities with other product candidates or other diseases and disease pathways that may later prove to have greater commercial potential than those we choose to pursue, or relinquish valuable rights to such product candidates through collaboration, licensing, or other royalty arrangements in cases in which it would have been advantageous for us to invest additional resources to retain sole development and commercialization rights.

Risks Related to the Discovery, Development, and Commercialization of Our Product Candidates

Research and development of biopharmaceutical products is inherently risky. Our business is heavily dependent on the successful development of our product candidates, which are in the early stages of preclinical and clinical development. We cannot give any assurance that any of our product candidates will receive regulatory, including marketing, approval, which is necessary before they can be commercialized.

We are at the early stages of development of the product candidates currently in our programs. To date, we have invested substantially all of our efforts and financial resources to identify, procure intellectual property for, and develop our programs, including conducting preclinical studies and early-stage clinical trials in our programs for our product candidates, AL001, AL002, AL003, and AL101, and providing general and administrative support for these operations. Our future success is dependent on our ability to successfully develop, obtain regulatory approval for, and then successfully commercialize our product candidates, and we may fail to do so for many reasons, including the following:

- our product candidates may not successfully complete preclinical studies or clinical trials;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- our competitors may develop therapeutics that render our product candidates obsolete or less attractive;
- the product candidates that we develop may not be sufficiently covered by intellectual property for which we hold exclusive rights;
- the product candidates that we develop may be covered by third parties' patents or other intellectual property or exclusive rights;
- the market for a product candidate may change so that the continued development of that product candidate is no longer reasonable or commercially attractive;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all;
- if a product candidate obtains regulatory approval, we may be unable to establish sales and marketing capabilities, or successfully market such approved product candidate, to gain market acceptance; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors, if applicable.

If any of these events occur, we may be forced to abandon our development efforts for a program or programs, which would have a material adverse effect on our business and could potentially cause us to cease operations.

We may not be successful in our efforts to further develop our current product candidates. 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. Each of our product candidates is in the early stages of development and will require significant additional clinical development, management of preclinical, clinical, and manufacturing activities, regulatory approval, adequate manufacturing supply, a commercial organization, and significant marketing efforts before we generate any revenue from product sales, if at all.

We have never completed a clinical development program. We currently have one product candidate, AL001, in a Phase 1 clinical trial. None of our product candidates have advanced into late-stage development or a pivotal clinical trial and it may be years before any such trial is initiated, if at all. Further, we cannot be certain that any of our product candidates will be successful in clinical trials. We may in the future advance product candidates into clinical trials and terminate such trials prior to their completion.

If any of our product candidates successfully complete clinical trials, we generally plan to seek regulatory approval to market our product candidates in the United States, the European Union, and in additional foreign countries where we believe there is a viable commercial opportunity. We have never commenced, compiled or submitted an application seeking regulatory approval to market any product candidate. We may never receive regulatory approval to market any product candidates even if such product candidates successfully complete clinical trials, which would adversely affect our viability. To obtain regulatory approval in countries outside the United States, we must comply with numerous and varying regulatory requirements of such other countries regarding safety, efficacy, manufacturing and controls, clinical trials, commercial sales, pricing, and distribution of our product candidates. We may also rely on our collaborators or partners to conduct the required activities to support an application for regulatory approval, and to seek approval, for one or more of our product candidates. For example, for our AL002 and AL003 product candidates, our collaboration arrangement with AbbVie provides that we are responsible for the execution of the Phase 1 and Phase 2 trials. We cannot be sure that our collaborators or partners will conduct these activities or do so within the timeframe we desire. Even if we (or our collaborators or partners) are successful in obtaining approval in one jurisdiction, we cannot ensure that we will obtain approval in any other jurisdictions. If we are unable to obtain approval for our product candidates in multiple jurisdictions, our business, financial condition, results of operations, and our growth prospects could be negatively affected.

Even if we receive regulatory approval to market any of our product candidates, whether for the treatment of neurodegenerative diseases or other diseases, we cannot assure you that any such product candidate will be successfully commercialized, widely accepted in the marketplace or more effective than other commercially available alternatives.

Investment in biopharmaceutical product development involves significant risk that any product candidate will fail to demonstrate adequate efficacy or an acceptable safety profile, gain regulatory approval, and become commercially viable. We cannot provide any assurance that we will be able to successfully advance any of our product candidates through the development process or, if approved, successfully commercialize any of our product candidates.

We may not be successful in our efforts to continue to create a pipeline of product candidates from our Discovery Platform or to develop commercially successful products. If we fail to successfully identify and develop additional product candidates from our Discover Platform, our commercial opportunity may be limited.

One of our strategies is to identify and pursue clinical development of additional product candidates. Our Discovery Platform has helped us identify over 40 immune system targets. In the last five years, we have progressed over 10 programs into early preclinical development. By the end of 2019, we expect to advance four product candidates into clinical trials. Identifying, developing, obtaining regulatory approval, and commercializing additional product candidates for the treatment of neurodegenerative diseases will require substantial additional funding beyond the net proceeds of this offering and is prone to the risks of failure inherent in drug development. We cannot provide you any assurance that we will be able to successfully identify or acquire additional product candidates, advance any of these additional product candidates through the development process, successfully commercialize any such additional product candidates, if approved, or assemble sufficient resources to identify, acquire, develop, or, if approved, commercialize additional product candidates. If we are unable to successfully identify, acquire, develop, and commercialize additional product candidates, our commercial opportunity may be limited.

We may not be successful in our efforts to expand indications for approved product candidates.

Our drug development strategy is to clinically test and seek regulatory approval for our product candidates in indications in which we believe there is the most evidence that we will be able to quickly generate proof-of-concept efficacy data. We then intend to expand to clinical testing and seek regulatory approvals in

other neurodegenerative indications based on genetic and mechanistic overlap with the primary indication. Conducting clinical trials for additional indications for our product candidates requires substantial technical, financial, and human resources and is prone to the risks of failure inherent in drug development. We cannot provide you any assurance that we will be successful in our effort to obtain regulatory approval for our product candidates for additional indications even if we obtain approval for an initial indication.

For example, our product candidate AL001 is initially targeting FTD-GRN. Following initial clinical results in FTD-GRN patients, we plan to expand AL001 to other indications associated with decreased levels of PGRN. If we are unable to successfully identify, develop, obtain regulatory approval for, and commercialize AL001 for other indications, our commercial opportunity for AL001 may be limited.

We have concentrated a substantial portion of our research and development efforts on the treatment of neurodegenerative diseases, a field that has seen limited success in drug development. Further, our product candidates are based on new approaches and novel technology, which makes it difficult to predict the time and cost of product candidate development and subsequently obtaining regulatory approval.

We have focused a substantial portion of our research and development efforts on addressing neurodegenerative diseases. Collectively, efforts by biopharmaceutical companies in the field of neurodegenerative diseases have seen limited success in drug development. There are few effective therapeutic options available for patients with FTD, Alzheimer's disease, Parkinson's disease, and other neurodegenerative diseases. Our future success is highly dependent on the successful development of our product candidates for treating neurodegenerative diseases. Developing and, if approved, commercializing our product candidates for treatment of neurodegenerative diseases subjects us to a number of challenges, including obtaining disease modifying activity and efficacious dose in target tissue and obtaining regulatory approval from the FDA and other regulatory authorities who have only a limited set of precedents to rely on.

Our approach to the treatment of neurodegenerative diseases aims to identify and select targets enriched in microglia and other myeloid immune cells which are genetically associated with neurodegenerative diseases, identify and develop product candidates that cross the blood brain barrier in sufficient quantity and potency to enable efficacious dosing in the brain and engage the intended target, identify and develop biomarkers that are signs of a disease or condition, to select the right patient population, and to demonstrate target engagement, pathway engagement, and impact on disease progression of our product candidates. This strategy may not prove to be successful. We cannot be sure that our approach will yield satisfactory therapeutic products that are safe and effective, scalable, or profitable.

We may encounter substantial delays in our clinical trials, or may not be able to conduct or complete our clinical trials on the timelines we expect, if at all.

Clinical testing is expensive, time consuming, and subject to uncertainty. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. We cannot be sure that submission of an investigational new drug application (IND) or a clinical trial application (CTA) will result in the FDA or European Medicines Agency (EMA) as applicable, allowing clinical trials to begin in a timely manner, if at all. Moreover, even if these trials begin, issues may arise that could suspend or terminate such clinical trials. A failure of one or more clinical trials can occur at any stage of testing, and our future clinical trials may not be successful. Events that may prevent successful or timely initiation or completion of clinical trials include:

- inability to generate sufficient preclinical, toxicology, or other in vivo or in vitro data to support the initiation or continuation of clinical trials;
- delays in confirming target engagement, patient selection, or other relevant biomarkers to be utilized in preclinical and clinical product candidate development;
- delays in reaching a consensus with regulatory agencies on study design;

- delays in reaching agreement on acceptable terms with prospective contract research organizations (CROs) and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- delays in identifying, recruiting, and training suitable clinical investigators;
- delays in obtaining required Institutional Review Board (IRB) approval at each clinical trial site;
- imposition of a temporary or permanent clinical hold by regulatory agencies for a number of reasons, including:
    - after review of an IND or amendment, CTA or amendment, or equivalent application or amendment;
    - as a result of a new safety finding that presents unreasonable risk to clinical trial participants;
    - a negative finding from an inspection of our clinical trial operations or study sites; or
    - the finding that the investigational protocol or plan is clearly deficient to meet its stated objectives;
- delays in identifying, recruiting, and enrolling suitable patients to participate in our clinical trials, and delays caused by patients withdrawing from clinical trials, or failing to return for post-treatment follow-up;
- difficulty collaborating with patient groups and investigators;
- failure by our CROs, other third parties, or us to adhere to clinical trial requirements;
- failure to perform in accordance with the FDA's or any other regulatory authority's current good clinical practices (cGCPs) requirements, or applicable EMA or other regulatory guidelines in other countries;
- occurrence of adverse events associated with the product candidate that are viewed to outweigh its potential benefits;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- the cost of clinical trials of our product candidates being greater than we anticipate;
- clinical trials of our product candidates producing negative or inconclusive results, which may result in our deciding, or regulators requiring us, to conduct additional clinical trials or abandon product development programs; and
- delays in manufacturing, testing, releasing, validating, or importing/exporting sufficient stable quantities of our product candidates for use in clinical trials or the inability to do any of the foregoing.

Any inability to successfully initiate or complete clinical trials could result in additional costs to us or impair our ability to generate revenue. In addition, if we make manufacturing or formulation changes to our product candidates, we may be required to or we may elect to conduct additional studies to bridge our modified product candidates to earlier versions. Clinical trial delays could also shorten any periods during which our products have patent protection and may allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our product candidates and may harm our business and results of operations.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the data safety monitoring board for such trial or by the FDA, EMA, or any other regulatory authority, or if the IRBs of the

institutions in which such trials are being conducted suspend or terminate the participation of their clinical investigators and sites subject to their review. Such authorities may suspend or terminate a clinical trial 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, EMA, 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 product candidate, changes in governmental regulations or administrative actions, or lack of adequate funding to continue the clinical trial.

We may in the future advance product candidates into clinical trials and terminate such trials prior to their completion, which could adversely affect our business.

Delays in the completion of any clinical trial of our product candidates will increase our costs, slow down our product candidate development and approval process and delay, or potentially jeopardize our ability to commence product sales and generate revenue. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We may encounter difficulties enrolling patients in our clinical trials, and our clinical development activities could thereby 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 trial until its conclusion. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons, including:

- the size and nature of the patient population;
- the patient eligibility criteria defined in the protocol, including biomarker-driven identification and/or certain highly-specific criteria related to stage of disease progression, which may limit the patient populations eligible for our clinical trials to a greater extent than competing clinical trials for the same indication that do not have biomarker-driven patient eligibility criteria;
- the size of the study population required for analysis of the trial's primary endpoints;
- the proximity of patients to a trial site;
- the design of the trial;
- our ability to recruit clinical trial investigators with the appropriate competencies and experience;
- competing clinical trials for similar therapies or targeting patient populations meeting our patient eligibility criteria;
- clinicians' and patients' perceptions as to the potential advantages and side effects of the product candidate being studied in relation to other available therapies and product candidates;
- our ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will not complete such trials, for any reason.

Our clinical trials may fail to demonstrate substantial evidence of the safety and efficacy of our product candidates, which would prevent, delay, or limit the scope of regulatory approval and commercialization.

Before obtaining regulatory approvals for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex, and expensive preclinical studies and clinical trials that our product candidates are both safe and effective for use in each target indication. For those product candidates that are subject to regulation as biological drug products, we will need to demonstrate that they are safe, pure, and potent for use in their target indications. Each product candidate must demonstrate an adequate risk versus benefit profile in its intended patient population and for its intended use.

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 of our product candidates may not be predictive of the results of early-stage or later-stage clinical trials, and results of early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. The results of clinical trials in one set of patients or disease indications may not be predictive of those obtained in another. In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen, and other clinical trial protocols and the rate of dropout among clinical trial participants. Open-label extension studies may also extend the timing and cost of a clinical test substantially. 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 unacceptable safety issues, notwithstanding promising results in earlier trials. This is particularly true in neurodegenerative diseases, where failure rates historically have been higher than in many other disease areas. Most product candidates that begin clinical trials are never approved by regulatory authorities for commercialization.

We have limited experience in designing clinical trials and may be unable to design and execute a clinical trial to support marketing approval. We cannot be certain that our current clinical trials or any other future clinical trials will be successful. Additionally, any safety concerns observed in any one of our clinical trials in our targeted indications could limit the prospects for regulatory approval of our product candidates in those and other indications, which could have a material adverse effect on our business, financial condition, and results of operations.

In addition, even if such clinical trials are successfully completed, we cannot guarantee that the FDA or foreign regulatory authorities will interpret the results as we do, and more trials could be required before we submit our product candidates for approval. 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, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates. Even if regulatory approval is secured for any of our product candidates, the terms of such approval may limit the scope and use of our product candidates, which may also limit its commercial potential.

We face significant competition in an environment of rapid technological and scientific change, and there is a possibility that our competitors may achieve regulatory approval before us or develop therapies that are safer, more advanced, or more effective than ours, which may negatively impact our ability to successfully market or commercialize any product candidates we may develop and ultimately harm our financial condition.

The development and commercialization of new drug products is highly competitive. Moreover, the neurodegenerative field is characterized by strong and increasing competition, and a strong emphasis on intellectual property. We may face competition with respect to any of our product candidates that we seek to develop or commercialize in the future from major pharmaceutical companies, specialty pharmaceutical companies, and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies, and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialization.

There are a number of large pharmaceutical and biotechnology companies that are currently pursuing the development of products for the treatment of neurodegenerative diseases, including FTD and Alzheimer’s disease. Many of these current or potential competitors, either alone or with their strategic partners, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products than we do.

Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than any products that we may develop. Furthermore, currently approved products could be discovered to have application for treatment of neurodegenerative disease indications, which could give such products significant regulatory and market timing advantages over any of our product candidates. Our competitors also may obtain FDA, EMA, or other regulatory approval for their products more rapidly than we may obtain approval for ours and may obtain orphan drug exclusivity from the FDA for indications our product candidates are targeting, which could result in our competitors establishing a strong market position before we are able to enter the market. Additionally, products or technologies developed by our competitors may render our potential product candidates uneconomical or obsolete, and we may not be successful in marketing any product candidates we may develop against competitors.

In addition, we could face litigation or other proceedings with respect to the scope, ownership, validity, and/or enforceability of our patents relating to our competitors' products and our competitors may allege that our products infringe, misappropriate, or otherwise violate their intellectual property. The availability of our competitors' products could limit the demand, and the price we are able to charge, for any products that we may develop and commercialize.

The manufacture of our product candidates is complex, and we may encounter difficulties in production. If we or any of our third-party manufacturers encounter such difficulties, or fail to meet rigorously enforced regulatory standards, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped, or we may be unable to maintain a commercially viable cost structure.

The processes involved in manufacturing our drug and biological product candidates are complex, expensive, highly-regulated, and subject to multiple risks. Further, as product candidates are developed through preclinical studies to late-stage clinical trials towards approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives, and any of these changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials.

In order to conduct clinical trials of our product candidates, or supply commercial products, if approved, we will need to manufacture them in large quantities. Our CDMOs may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all. In addition, quality issues may arise during scale-up activities. If our CDMOs are unable to successfully scale up the manufacture of our product candidates in sufficient quality and quantity, the development, testing, and clinical trials of that product candidate may be delayed or become infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business. The same risk would apply to our internal manufacturing facilities, should we in the future decide to build internal manufacturing capacity. In addition, building internal manufacturing capacity would carry significant risks in terms of being able to plan, design, and execute on a complex project to build manufacturing facilities in a timely and cost-efficient manner.

In addition, the manufacturing process for any products that we may develop is subject to FDA, EMA, and foreign regulatory authority approval processes, and continuous oversight, and we will need to contract with

manufacturers who can meet all applicable FDA, EMA, and foreign regulatory authority requirements, including complying with current good manufacturing practices (cGMPs) on an ongoing basis. If we or our third-party manufacturers are unable to reliably produce products to specifications acceptable to the FDA, EMA, or other regulatory authorities, we may not obtain or maintain the approvals we need to commercialize such products. Even if we obtain regulatory approval for any of our product candidates, there is no assurance that either we or our CDMOs will be able to manufacture the approved product to specifications acceptable to the FDA, EMA, or other regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential launch of the product, or to meet potential future demand. Any of these challenges could delay completion of clinical trials, require bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidate, impair commercialization efforts, increase our cost of goods, and have an adverse effect on our business, financial condition, results of operations, and growth prospects.

If, in the future, we are unable to establish sales and marketing capabilities or enter into agreements with third parties to sell and market any product candidates we may develop, we may not be successful in commercializing those product candidates if and when they are approved.

We do not have a sales or marketing infrastructure and have no experience in the sale, marketing, or distribution of pharmaceutical products. To achieve commercial success for any approved product for which we retain sales and marketing responsibilities, we must either develop a sales and marketing organization or outsource these functions to third parties. In the future, we may choose to build a focused sales, marketing, and commercial support infrastructure to sell, or participate in sales activities with our collaborators for, some of our product candidates if and when they are approved.

There are risks involved with both establishing our own commercial capabilities and entering into arrangements with third parties to perform these services. For example, recruiting and training a sales force or reimbursement specialists is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing and other commercialization capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our commercialization personnel.

Factors that may inhibit our efforts to commercialize any approved product on our own include:

- our inability to recruit and retain adequate numbers of effective sales, marketing, reimbursement, customer service, medical affairs, and other support personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future approved products;
- the inability of reimbursement professionals to negotiate arrangements for formulary access, reimbursement, and other acceptance by payors;
- the inability to price our products at a sufficient price point to ensure an adequate and attractive level of profitability;
- restricted or closed distribution channels that make it difficult to distribute our products to segments of the patient population;
- the lack of complementary products to be offered by sales personnel, which may put us at a competitive disadvantage relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent commercialization organization.

If we enter into arrangements with third parties to perform sales, marketing, commercial support, and distribution services, our product revenue or the profitability of product revenue may be lower than if we were to

market and sell any products we may develop ourselves. In addition, we may not be successful in entering into arrangements with third parties to commercialize our product candidates or may be unable to do so on terms that are favorable to us. We may have little control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our products effectively. If we do not establish commercialization capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates if approved.

Even if any product candidates we develop receive marketing approval, they may fail to achieve the degree of market acceptance by physicians, patients, healthcare payors, and others in the medical community necessary for commercial success.

The commercial success of any of our product candidates will depend upon its degree of market acceptance by physicians, patients, third-party payors, and others in the medical community. Even if any product candidates we may develop receive marketing approval, they may nonetheless fail to gain sufficient market acceptance by physicians, patients, healthcare payors, and others in the medical community. The degree of market acceptance of any product candidates we may develop, if approved for commercial sale, will depend on a number of factors, including:

- the efficacy and safety of such product candidates as demonstrated in clinical trials and published in peer-reviewed journals;
- the potential and perceived advantages compared to alternative treatments;
- the ability to offer our products for sale at competitive prices;
- sufficient third-party coverage or reimbursement;
- the ability to offer appropriate patient access programs, such as co-pay assistance;
- the extent to which physicians recommend our products to their patients;
- convenience and ease of dosing and administration compared to alternative treatments;
- the clinical indications for which the product candidate is approved by FDA, EMA, or other regulatory agencies;
- product labeling or product insert requirements of the FDA, EMA, or other comparable foreign regulatory authorities, including any limitations, contraindications, or warnings contained in a product's approved labeling;
- restrictions on how the product is distributed;
- the timing of market introduction of competitive products;
- publicity concerning our products or competing products and treatments;
- the strength of marketing and distribution support; and
- the prevalence and severity of any side effects.

If any product candidates we develop do not achieve an adequate level of acceptance, we may not generate significant product revenue, and we may not become profitable.

Any products we commercialize may become subject to unfavorable pricing regulations, third-party reimbursement practices, or healthcare reform initiatives, which would harm our business.

The regulations that govern marketing approvals, pricing, and reimbursement for new drugs vary widely from country to country. In the United States, recently enacted legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries

require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay our commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenue we are able to generate from the sale of the product in that country. Adverse pricing limitations may hinder our ability to recoup our investment in one or more product candidates, even if any product candidates we may develop obtain marketing approval.

Our ability to successfully commercialize any products that we may develop also will depend in part on the extent to which reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers, and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. Government authorities currently impose mandatory discounts for certain patient groups, such as Medicare, Medicaid and Veterans Affairs hospitals, and may seek to increase such discounts at any time. Future regulation may negatively impact the price of our products, if approved. Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. We cannot be sure that reimbursement will be available for any product candidate that we commercialize and, if reimbursement is available, the level of reimbursement. Reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. In order to get reimbursement, physicians may need to show that patients have superior treatment outcomes with our products compared to standard of care drugs, including lower-priced generic versions of standard of care drugs. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any product candidate for which we obtain marketing approval. In the United States, no uniform policy of coverage and reimbursement for products exists among third-party payors and coverage and reimbursement levels 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 may require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the medicine is approved by the FDA, EMA, or other comparable foreign regulatory authorities. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale, and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used, may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. Our inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any approved products we may develop could have a material adverse effect on our operating results, our ability to raise capital needed to commercialize product candidates, and our overall financial condition.

Our product candidates for which we intend to seek approval may face competition sooner than anticipated.

Even if we are successful in achieving regulatory approval to commercialize a product candidate ahead of our competitors, our product candidates may face competition from biosimilar products. In the United States, our

product candidates are regulated by the FDA as biologic products and we intend to seek approval for these product candidates pursuant to the biologics license application (BLA) pathway. The Biologics Price Competition and Innovation Act of 2009 (BPCIA) created an abbreviated pathway for the approval of biosimilar and interchangeable biologic products. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as "interchangeable" based on its similarity to an existing 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 product candidates.

We believe that any of our product candidates approved as a biologic product under a BLA should qualify for the 12-year period of exclusivity. However, 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. Moreover, the extent to which a biosimilar product, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biologic products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. In addition, a competitor could decide to forego the biosimilar approval path and submit a full BLA after completing its own preclinical studies and clinical trials. In such cases, any exclusivity to which we may be eligible under the BPCIA would not prevent the competitor from marketing its product as soon as it is approved.

In Europe, the European Commission has granted marketing authorizations for several biosimilar products pursuant to a set of general and product class-specific guidelines for biosimilar approvals issued over the past few years. In Europe, a competitor may reference data supporting approval of an innovative biological product, but will not be able to get it on the market until 10 years after the time of approval of the innovative product. This 10-year marketing exclusivity period will be extended to 11 years if, during the first eight of those 10 years, the marketing authorization holder obtains an approval for one or more new therapeutic indications that bring significant clinical benefits compared with existing therapies. In addition, companies may be developing biosimilar products in other countries that could compete with our products, if approved.

If competitors are able to obtain marketing approval for biosimilars referencing our product candidates, if approved, such products may become subject to competition from such biosimilars, with the attendant competitive pressure and potential adverse consequences. Such competitive products may be able to immediately compete with us in each indication for which our product candidates may have received approval.

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 when and 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 testing and 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 or interrupted demand for our products;

- injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- 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; and
- the inability to commercialize any product candidate.

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 collaborators. Our insurance policies may have 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 Regulatory Approval and Other Legal Compliance Matters

The regulatory approval processes of the FDA, EMA, and comparable foreign regulatory authorities are lengthy, time consuming, and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our product candidates, we will be unable to generate product revenue and our business will be substantially harmed.

The time required to obtain approval by the FDA, EMA, and comparable foreign regulatory authorities is unpredictable, typically takes many years following the commencement of clinical trials, and depends upon numerous factors, including the type, complexity, and novelty of the product candidates involved. 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, which may cause delays in the approval or the decision not to approve an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical, or other studies. We have not submitted for, or obtained regulatory approval for any product candidate, and it is possible that none of our existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval.

Applications for our product candidates could fail to receive regulatory approval in an initial or subsequent indication for many reasons, including but not limited to the following:

- the FDA, EMA, or comparable foreign regulatory authorities may disagree with the design, implementation, or results of our clinical trials;
- the FDA, EMA, or comparable foreign regulatory authorities may determine that our product candidates are not safe and effective, only moderately effective or have undesirable or unintended side effects, toxicities, or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use;

- the population studied in the clinical program may not be sufficiently broad or representative to assure efficacy and safety in the full population for which we seek approval;
- we may be unable to demonstrate to the FDA or comparable foreign regulatory authorities that a product candidate's risk-benefit ratio when compared to the standard of care is acceptable;
- the FDA, EMA, 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 new drug application (NDA), BLA, or other submission or to obtain regulatory approval in the United States or elsewhere;
- we may be unable to demonstrate to the FDA, EMA, or comparable foreign regulatory authorities that a product candidate's risk-benefit ratio for a proposed indication is acceptable;
- the FDA, EMA, or comparable foreign regulatory authorities may fail to approve the manufacturing processes, test procedures, and specifications, or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA, EMA, 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 the results of clinical trials, may result in our failing to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations, and prospects.

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, or result in significant negative consequences.

Adverse events or other 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, EMA, or other comparable foreign regulatory authorities.

Drug-related side effects could affect patient recruitment, the ability of enrolled patients to complete the study, and/or result in potential product liability claims. We are required to maintain product liability insurance pursuant to certain of our development and commercialization agreements. We may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. A successful product liability claim or series of claims brought against us could adversely affect our results of operations, business, and reputation. In addition, regardless of merit or eventual outcome, product liability claims may result in impairment of our business reputation, withdrawal of clinical trial participants, costs due to related litigation, distraction of management's attention from our primary business, initiation of investigations by regulators, substantial monetary awards to patients or other claimants, the inability to commercialize our product candidates, and decreased demand for our product candidates, if approved for commercial sale.

Additionally, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects or adverse events caused by such products, a number of potentially significant negative consequences could result, including but not limited to:

- regulatory authorities may withdraw approvals of such product and cause us to recall our products;
- regulatory authorities may require additional warnings on the label;
- we may be required to change the way the product is administered or conduct additional clinical trials or post-approval studies;

- we may be required to create a Risk Evaluation and Mitigation Strategy plan, which could include a medication guide outlining the risks of such side effects for distribution to patients, a communication plan for healthcare providers, and/or other elements, such as boxed warning on the packaging, to assure 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, financial condition, results of operations, and growth prospects.

We may in the future conduct clinical trials for our product candidates outside the United States, and the FDA, EMA, and applicable foreign regulatory authorities may not accept data from such trials.

We may in the future choose to conduct one or more of our clinical trials outside the United States, including in Europe or Australia. The acceptance of study data from clinical trials conducted outside the United States or another jurisdiction by the FDA, EMA, or applicable foreign regulatory authority may be subject to certain conditions. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the United States population and United States medical practice; and (ii) the trials were performed by clinical investigators of recognized competence and pursuant to cGCP regulations. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many foreign regulatory bodies have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA, EMA, or any applicable foreign regulatory authority will accept data from trials conducted outside of the United States or the applicable jurisdiction. If the FDA, EMA, or any applicable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our product candidates not receiving approval or clearance for commercialization in the applicable jurisdiction.

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, but 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 or EMA 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 those in the United States, including additional preclinical studies or clinical trials as clinical trials 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.

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 or any partner we work with fail to comply with the regulatory requirements in international markets or fail to 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 obtain regulatory approval for a product candidate, our products will remain subject to extensive regulatory scrutiny.

If any of our product candidates are approved, they will be subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, advertising, promotion, sampling, record-keeping, conduct of post-marketing studies, and submission of safety, efficacy, and other post-market information, including both federal and state requirements in the United States and requirements of comparable foreign regulatory authorities.

Manufacturers and manufacturers' facilities are required to comply with extensive requirements imposed by the FDA, EMA, and comparable foreign regulatory authorities, including ensuring that quality control and manufacturing procedures conform to cGMP regulations. As such, we and our contract manufacturers will be subject to continual review and inspections to assess compliance with cGMP and adherence to commitments made in any NDA, BLA, or marketing authorization application (MAA). Accordingly, we and others with whom we work must continue to expend time, money, and effort in all areas of regulatory compliance, including manufacturing, production, and quality control.

Any regulatory approvals that we receive for our product candidates will be subject to limitations on the approved indicated uses for which the product may be marketed and promoted or to the conditions of approval (including the requirement to implement a Risk Evaluation and Mitigation Strategy), or contain requirements for potentially costly post-marketing testing. We will be required to report certain adverse reactions and production problems, if any, to the FDA, EMA, and comparable foreign regulatory authorities. Any new legislation addressing drug safety issues could result in delays in product development or commercialization, or increased costs to assure compliance. The FDA and other agencies, including the Department of Justice, closely regulate and monitor the post-approval marketing and promotion of products to ensure that they are manufactured, marketed, and distributed only for the approved indications and in accordance with the provisions of the approved labeling. We will have to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved label. As such, we may not promote our products for indications or uses for which they do not have approval. The holder of an approved NDA, BLA, or MAA must submit new or supplemental applications and obtain approval for certain changes to the approved product, product labeling, or manufacturing process. We could also be asked to conduct post-marketing clinical trials to verify the safety and efficacy of our products in general or in specific patient subsets. If original marketing approval was obtained via the accelerated approval pathway, we could be required to conduct a successful post-marketing clinical trial to confirm clinical benefit for our products. An unsuccessful post-marketing study or failure to complete such a study could result in the withdrawal of marketing approval.

If a regulatory agency discovers previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facility where the product is manufactured, or disagrees with the promotion, marketing or labeling of a product, such regulatory agency may impose restrictions on that product or us, including requiring withdrawal of the product from the market. If we fail to comply with applicable regulatory requirements, a regulatory agency or enforcement authority may, among other things:

- issue warning letters that would result in adverse publicity;
- impose civil or criminal penalties;
- suspend or withdraw regulatory approvals;
- suspend any of our ongoing clinical trials;
- refuse to approve pending applications or supplements to approved applications submitted by us;
- impose restrictions on our operations, including closing our contract manufacturers' facilities;
- seize or detain products; or
- require a product recall.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response, and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenue from our products. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our company and our operating results will be adversely affected.

We have received orphan drug designation from the FDA for AL001 for treatment of FTD and plan to seek orphan drug designation for some of our other product candidates, but we may be unable to obtain such designations or to maintain the benefits associated with orphan drug status, including market exclusivity, which may cause our revenue, if any, to be reduced.

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biologic intended to treat a rare disease or condition, defined as a disease or condition with a patient population of fewer than 200,000 in the United States, or a patient population greater than 200,000 in the United States when there is no reasonable expectation that the cost of developing and making available the drug or biologic in the United States will be recovered from sales in the United States for that drug or biologic. Orphan drug designation must be requested before submitting an NDA or BLA. 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. After the FDA grants orphan drug designation, the generic identity of the drug and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. While we have obtained orphan drug designation from the FDA for AL001 for treatment of FTD, we may be unable to reap the benefits associated with orphan drug status. In addition, we plan to seek orphan drug designations for some of our other product candidates in the future but may be unable to obtain an orphan drug designation for any additional product candidates.

If a product that has orphan drug designation subsequently receives the first FDA approval for a particular active ingredient for the disease for which it has such designation, the product is entitled to orphan product exclusivity, which means that the FDA may not approve any other NDA or BLA applications to market the same drug or biologic for the same indication for seven years, except in limited circumstances such as a showing of clinical superiority to the product with orphan exclusivity or if FDA finds that the holder of the orphan exclusivity has not shown that it can assure the availability of sufficient quantities of the orphan product to meet the needs of patients with the disease or condition for which the drug was designated. As a result, even though the FDA has approved orphan drug status for AL001 for treatment of FTD, the FDA can still approve other drugs that have a different active ingredient for use in treating the same indication or disease. Furthermore, the FDA can waive orphan exclusivity if we are unable to manufacture sufficient supply of our product.

Healthcare legislative measures aimed at reducing healthcare costs may have a material adverse effect on our business and results of operations.

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 healthcare system that could impact our ability to sell our products profitably. In particular, in 2010, the Affordable Care Act (ACA) was enacted, which, 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 drugs that are inhaled, infused, instilled, implanted, or injected, increased the minimum Medicaid rebates owed by most 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, and provided incentives to programs that increase the federal government’s comparative effectiveness research. Recent changes in the U.S. administration could lead to repeal of or changes in some or all of the ACA, and complying with any new legislation or reversing changes implemented under the ACA could be time-intensive

and expensive, resulting in a material adverse effect on our business. Until the ACA is fully implemented or there is more certainty concerning the future of the ACA, it will be difficult to predict its full impact and influence on our business.

There have been, and likely will continue to be, legislative and regulatory proposals at the foreign, federal, and state levels directed at 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 receive or 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.

We expect that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, lower reimbursement, and new payment methodologies. This could lower the price that we receive for any approved product. Any denial in coverage or reduction in reimbursement from Medicare or other government-funded programs may result in a similar denial or reduction in payments from private payors, which may prevent us from being able to generate sufficient revenue, attain profitability, or commercialize our product candidates, if approved.

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 of fraud, misconduct, or other illegal activity by our employees, independent contractors, consultants, commercial partners, and vendors. Misconduct by these parties could include intentional, reckless, and negligent conduct that fails to:

- comply with the laws of the FDA, EMA, and other comparable foreign regulatory authorities;
- provide true, complete, and accurate information to the FDA, EMA, and other comparable foreign regulatory authorities;
- comply with manufacturing standards we have established;
- comply with healthcare fraud and abuse laws in the United States and similar foreign fraudulent misconduct laws; or
- report financial information or data accurately or to disclose unauthorized activities to us.

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. In particular, research, sales, marketing, education, and other 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, educating, marketing and promotion, sales and commission, 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, which could result in regulatory sanctions and cause serious harm to our reputation. We plan to adopt a code of business conduct and

ethics in connection with this offering, but it is not always possible to identify and deter misconduct by employees and third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

If we fail to comply with healthcare laws, we could face substantial penalties and our business, operations, and financial conditions could be adversely affected.

If we obtain FDA approval for any of our product candidates and begin commercializing those products in the United States, our operations will be subject to various federal and state fraud and abuse laws. The laws that may impact our operations include the following:

- The federal Anti-Kickback Statute, prohibits, among other things, persons from 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 does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. 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 False Claims Act.
- Federal civil and criminal false claims laws and civil monetary penalty laws, including the False Claims Act, impose criminal and civil penalties, including through civil “qui tam” or “whistleblower” actions, against 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. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of these statutes or specific intent to violate them in order to have committed a violation.
- The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) created new 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.
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (HITECH) and their respective implementing regulations, 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 ACA, and its implementing regulations, require manufacturers of drugs, devices, biologicals, and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program to report annually to the U.S. Department of Health and Human Services under the Open Payments Program,

information related to payments or other transfers of value made to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members.

- Federal consumer protection and unfair competition laws broadly regulate marketplace activities and activities that potentially harm consumers.
- Analogous state and foreign laws and regulations, such as state and foreign anti-kickback, false claims, consumer protection, and unfair competition laws may apply to pharmaceutical business practices, including but not limited to, research, distribution, sales and marketing arrangements, as well as submitting claims involving healthcare items or services reimbursed by any third-party payer, including commercial insurers.
- State laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines, and the relevant compliance guidance promulgated by the federal government that otherwise restricts payments that may be made to healthcare providers and other potential referral sources.
- State laws also require drug manufacturers to file reports with states regarding pricing and marketing information, such as the tracking and reporting of gifts, compensations and other remuneration, and items of value provided to healthcare professionals and entities.
- State and foreign laws also govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could, despite our efforts to comply, be subject to challenge under one or more of such laws. Efforts to ensure that our business arrangements will comply with applicable healthcare laws may involve substantial costs. It is possible that governmental and enforcement authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law interpreting applicable fraud and abuse or other healthcare laws and regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal, and administrative penalties, damages, disgorgement, 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 our operations, any of which could adversely affect our ability to operate our business and our results of operations. 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.

If we or any contract manufacturers and suppliers we engage fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on our business.

We and any contract manufacturers and suppliers we engage are subject to numerous federal, state, and local environmental, health, and safety laws, regulations, and permitting requirements, including those governing laboratory procedures; the generation, handling, use, storage, treatment, and disposal of hazardous and regulated materials and wastes; the emission and discharge of hazardous materials into the ground, air, and water; and employee health and safety. Our operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Our operations also produce hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. Under certain environmental laws, we could be held responsible for costs relating to any contamination at our current or past facilities and at third-party facilities. We also could incur significant costs associated with civil or criminal fines and penalties.

Compliance with applicable environmental laws and regulations may be expensive, and current or future environmental laws and regulations may impair our research, product development, and manufacturing efforts. In addition, we cannot entirely eliminate the risk of accidental injury or contamination from these materials or wastes. Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not carry specific biological or hazardous waste insurance coverage, and our property, casualty, and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended, which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

Our business activities may be subject to the Foreign Corrupt Practices Act (FCPA) and similar anti-bribery and anti-corruption laws.

Our business activities may be subject to the FCPA and similar anti-bribery or anti-corruption laws, regulations or rules of other countries in which we operate, including the U.K. Bribery Act. The FCPA generally prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action, or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S. governments. Additionally, in many other countries, the healthcare providers who prescribe pharmaceuticals are employed by their government, and the purchasers of pharmaceuticals are government entities; therefore, our dealings with these prescribers and purchasers are subject to regulation under the FCPA. Recently the Securities and Exchange Commission (SEC) and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology and pharmaceutical companies. There is no certainty that all of our employees, agents, contractors, or collaborators, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers, or our employees, the closing down of our facilities, requirements to obtain export licenses, cessation of business activities in sanctioned countries, implementation of compliance programs, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international expansion efforts, our ability to attract and retain employees, and our business, prospects, operating results, and financial condition.

Risks Related to Our Reliance on Third Parties

We expect to depend on collaborations with third parties for the research, development, and commercialization of certain of the product candidates we may develop. If any such collaborations are not successful, we may not be able to realize the market potential of those product candidates.

We currently use and expect to continue to use third-party collaborators for the research, development, and commercialization of certain of the product candidates we may develop. For example, we have entered into the Co-Development and Option Agreement with AbbVie (the AbbVie Agreement) for the global development and potential commercialization of AL002 and AL003. We also collaborate with Adimab and others to further our development of product candidates and to enhance our research efforts directed to better understanding neurodegenerative diseases. For additional information on our relationships with AbbVie and Adimab, LLC (Adimab), see the sections titled "Business—Strategic Alliance with AbbVie" and "Business—Collaboration Agreement with Adimab." Our likely collaborators for any other collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies, biotechnology companies, and academic institutions. Such arrangements with any third parties, generally provide us with shared or limited

control over the amount and timing of resources that our collaborators dedicate to the development or potential commercialization of any product candidates we may seek to develop with them. Our ability to generate revenue from these arrangements with commercial entities will depend on our collaborators' abilities to successfully perform the functions assigned to them in these arrangements. We cannot predict the success of any collaboration that we enter into.

Collaborations involving our research programs, or any product candidates we may develop, pose the following risks to us:

- collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- collaborators may not properly obtain, maintain, enforce, or defend intellectual property or proprietary rights relating to our product candidates or research programs or may use our proprietary information in such a way as to expose us to potential litigation or other intellectual property related proceedings, including proceedings challenging the scope, ownership, validity, and enforceability of our intellectual property;
- collaborators may own or co-own intellectual property covering our product candidates or research and development programs that results from our collaboration with them, and in such cases, we may not have the exclusive right to commercialize such intellectual property or such product candidates or research programs;
- we may need the cooperation of our collaborators to enforce or defend any intellectual property we contribute to or that arises out of our collaborations, which may not be provided to us;
- collaborators may control certain interactions with regulatory authorities, which may impact our ability to obtain and maintain regulatory approval of our product candidates;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development, or commercialization of our product candidates or research programs or that result in costly litigation or arbitration that diverts management attention and resources;
- collaborators may decide to not pursue development and commercialization of any product candidates we develop or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborator's strategic focus or available funding or external factors such as an acquisition that diverts resources or creates competing priorities or collaborators may elect to fund or commercialize a competing product;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials, or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates or research programs if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- collaborators may restrict us from researching, developing, or commercializing certain products or technologies without their involvement;
- collaborators with marketing and distribution rights to one or more product candidates may not commit sufficient resources to the marketing and distribution of such product candidates;
- we may lose certain valuable rights under circumstances identified in our collaborations, including if we undergo a change of control;
- collaborators may grant sublicenses to our technology or product candidates or undergo a change of control, and the sublicensees or new owners may decide to take the collaboration in a direction which is not in our best interest;

- collaborators may become bankrupt, which may significantly delay our research or development programs, or may cause us to lose access to valuable technology, know-how, or intellectual property of the collaborator relating to our products, product candidates, or research programs;
- key personnel at our collaborators may leave, which could negatively impact our ability to productively work with our collaborators;
- collaborations may require us to incur short and long-term expenditures, issue securities that dilute our stockholders, or disrupt our management and business;
- if our collaborators do not satisfy their obligations under our agreements with them, or if they terminate our collaborations with them, we may not be able to develop or commercialize product candidates as planned;
- collaborations may require us to share in development and commercialization costs pursuant to budgets that we do not fully control, and our failure to share in such costs could have a detrimental impact on the collaboration or our ability to share in revenue generated under the collaboration;
- collaborations may be terminated in their entirety or with respect to certain product candidates or technologies and, if so terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates or technologies; and
- collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all. If a present or future collaborator of ours were to be involved in a business combination, the continued pursuit and emphasis on our development or commercialization program under such collaboration could be delayed, diminished, or terminated.

We may face significant competition in seeking appropriate collaborations. Recent business combinations among biotechnology and pharmaceutical companies have resulted in a reduced number of potential collaborators. In addition, the negotiation process is time-consuming and complex, and we may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of the product candidate for which we are seeking to collaborate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop product candidates or bring them to market and generate product revenue.

We may not realize the benefit of collaborations if we or our collaborator elects not to exercise the rights granted under the agreement or if we or our collaborator are unable to successfully integrate a product candidate into existing operations and company culture. In addition, if our agreement with any of our collaborators terminates, our access to technology and intellectual property licensed to us by that collaborator may be restricted or terminate entirely, which may delay our continued development of our product candidates utilizing the collaborator's technology or intellectual property or require us to stop development of those product candidates completely. We may also find it more difficult to find a suitable replacement collaborator or attract new collaborators, and our development programs may be delayed or the perception of us in the business and financial communities could be adversely affected. Many of the risks relating to product development, regulatory approval, and commercialization described in this "Risk Factors" section also apply to the activities of our collaborators and any negative impact on our collaborators may adversely affect us.

We expect to rely on third parties to conduct our clinical trials and some aspects of our research and preclinical testing, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials, research, or testing.

We currently rely and expect to continue to rely on third parties, such as CROs, clinical data management organizations, medical institutions, and clinical investigators, to conduct some aspects of our research and

preclinical testing and our clinical trials. Any of these third parties may terminate their engagements with us or be unable to fulfill their contractual obligations. If we need to enter into alternative arrangements, it would delay our product development activities.

Our reliance on these third parties for research and development activities reduces our control over these activities but does not relieve us of our responsibilities. For example, we remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with cGCPs for conducting, recording, and reporting the results of clinical trials to assure that data and reported results are credible, reproducible, and accurate and that the rights, integrity, and confidentiality of trial participants are protected. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database within certain timeframes. Failure to do so can result in fines, adverse publicity, and civil and criminal sanctions.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for any product candidates we may develop and will not be able to, or may be delayed in our efforts to, successfully commercialize our medicines.

We also expect to rely on other third parties to store and distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors, including with the shipment of any drug supplies, could delay clinical development or marketing approval of any product candidates we may develop or commercialization of our medicines, producing additional losses and depriving us of potential product revenue.

We contract with third parties for the manufacture of materials for our research programs, preclinical studies, clinical trials, and for commercialization of any product candidates that we may develop. This reliance on third parties carries and may increase the risk that we will not have sufficient quantities of such materials, product candidates, or any medicines that we may develop and commercialize, or that such supply will not be available to us at an acceptable cost, which could delay, prevent, or impair our development or commercialization efforts.

We do not have any manufacturing facilities. We currently rely on CDMOs for the manufacture of our materials for preclinical studies and clinical trials and expect to continue to do so for preclinical studies, clinical trials, and for commercial supply of any product candidates that we may develop. We currently have established relationships with several CDMOs for the manufacturing of our product candidates, including Lonza Biologics for the manufacturing of AL001 and AL002, Celonic AG for the manufacturing of AL003, and EMD Millipore Corporation for the manufacturing of AL101.

We may be unable to establish any further agreements with CDMOs or to do so on acceptable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on CDMOs entails additional risks, including:

- the possible breach of the manufacturing agreement by the third party;
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us;
- reliance on the third party for regulatory compliance, quality assurance, safety, and pharmacovigilance and related reporting; and
- the inability to produce required volume in a timely manner and to quality standards.

Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our CDMOs, to comply with applicable regulations could result in clinical holds on our trials, sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocations, seizures, or recalls of product candidates or medicines, operating restrictions, and criminal prosecutions, any of which could significantly and adversely affect supplies of our medicines and harm our business, financial condition, results of operations, and prospects.

Any medicines that we may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us.

Any performance failure on the part of our existing or future third party manufacturers could delay clinical development or marketing approval. If any one of our current contract manufacturers cannot perform as agreed, we may be required to replace that manufacturer and may incur added costs and delays in identifying and qualifying any such replacement. Furthermore, securing and reserving production capacity with contract manufacturers may result in significant costs.

Our current and anticipated future dependence upon others for the manufacture of any product candidates we may develop or medicines may adversely affect our future profit margins and our ability to commercialize any medicines that receive marketing approval on a timely and competitive basis.

We depend on third-party suppliers for key raw materials used in our manufacturing processes, and the loss of these third-party suppliers or their inability to supply us with adequate raw materials could harm our business.

We rely on third-party suppliers for the supply of the raw materials required for the production of our product candidates, and we expect to continue to rely on third party manufacturers for the commercial supply of any of our product candidates for which we obtain marketing approval. Our dependence on these third-party suppliers and the challenges we may face in obtaining adequate supplies of raw materials involve several risks, including limited control over pricing, availability, quality, and delivery schedules. As a small company, our negotiation leverage is limited and we are likely to get lower priority than our competitors who are larger than we are. We do not have long-term supply agreements, and we purchase our required drug product on a development manufacturing services agreement or purchase order basis. We cannot be certain that our suppliers will continue to provide us with the quantities of these raw materials that we require or satisfy our anticipated specifications and quality requirements. Any supply interruption in limited or sole sourced raw materials could materially harm our ability to manufacture our product candidates until a new source of supply, if any, could be identified and qualified. We may be unable to find a sufficient alternative supply channel in a reasonable time or on commercially reasonable terms. Any performance failure on the part of our suppliers could delay the development and potential commercialization of our product candidates, including limiting supplies necessary for clinical trials and regulatory approvals, which would have a material adverse effect on our business.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain patent protection for any product candidates we develop, our competitors could develop and commercialize products similar or identical to ours, and our ability to successfully commercialize any product candidates we may develop may be adversely affected.

Our success depends in large part on our ability to obtain and maintain patent protection in the United States and other countries with respect to our proprietary product candidates and other technologies we may develop. We seek to protect our proprietary position by filing patent applications in the United States and abroad relating to our core programs and product candidates, as well as other technologies that are important to our business. Given that the development of our product candidates is at an early stage, our intellectual property portfolio with respect to certain aspects of our product candidates is also at an early stage. For example, we have filed or intend to file patent applications on aspects of our technology and core product candidates; however, there can be no assurance that any such patent applications will issue as granted patents. Furthermore, in some cases, we have only filed provisional patent applications on certain aspects of our technology and product candidates and each of these provisional patent applications is not eligible to become an issued patent until, among other things, we file a non-provisional patent application within 12 months of the filing date of the applicable provisional patent application. Any failure to file a non-provisional patent application within this timeline could cause us to lose the ability to obtain patent protection for the inventions disclosed in the associated provisional patent applications.

Furthermore, in some cases, we may not be able to obtain issued claims covering compositions relating to our core programs and product candidates, as well as other technologies that are important to our business, and instead may need to rely on filing patent applications with claims covering a method of use and/or method of manufacture for protection of such core programs, product candidates, and other technologies. There can be no assurance that any such patent applications will issue as granted patents, and even if they do issue, such patent claims may be insufficient to prevent third parties, such as our competitors, from utilizing our technology. Any failure to obtain or maintain patent protection with respect to our core programs and product candidates could have a material adverse effect on our business, financial condition, results of operations, and prospects.

If any of our patent applications, or those of our collaborators, do not issue as patents in any jurisdiction, we may not be able to compete effectively.

Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our inventions, obtain, maintain, and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patents or those of our collaborators with respect to our product candidates. With respect to both our intellectual property and that of our collaborators related to our product candidates, we cannot predict whether the patent applications we and our collaborators are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient protection from competitors or other third parties.

The patent prosecution process is expensive, time-consuming, and complex, and we or our collaborators may not be able to file, prosecute, maintain, enforce, or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into nondisclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, CROs, CDMOs, consultants, advisors, and other third parties, any of these parties may breach the agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. In addition, our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our inventions and the prior art allow our inventions to be patentable over the prior art. Furthermore, 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. Therefore, we cannot be certain that we or our collaborators were the first to make the inventions claimed in any of our or our collaborators' patents or pending patent applications, or that we or our collaborators were the first to file for patent protection of such inventions.

If the scope of any patent protection we obtain is not sufficiently broad, or if we lose any of our patent protection, our ability to prevent our competitors from commercializing similar or identical technology and product candidates would be adversely affected.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability, and commercial value of our patent rights are highly uncertain. Our or our collaborators' pending and future patent applications may not result in patents being issued which protect our product candidates or other technologies or which effectively prevent others from commercializing competitive technologies and product candidates.

Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we or our collaborators license or own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents to which we or our collaborators have rights may be

challenged, narrowed, circumvented, or invalidated by third parties. Consequently, we do not know whether product candidates or other technologies will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner which could materially adversely affect our business, financial condition, results of operations and prospects.

The issuance of a patent is not conclusive as to its inventorship, scope, validity, or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. We or our collaborators may be subject to a third party preissuance submission of prior art to the United States Patent and Trademark Office (USPTO) or become involved in opposition, derivation, revocation, reexamination, post-grant and *inter partes* review, or interference proceedings or other similar proceedings challenging our or our collaborators' patent rights. An adverse determination in any such submission, proceeding, or litigation could reduce the scope of, or invalidate or render unenforceable, such patent rights, allow third parties to commercialize our product candidates or other technologies and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. Moreover, we, or one of our collaborators, may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge our or our collaborators' priority of invention or other features of patentability with respect to our or our collaborators' patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, 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 of our product candidates and other technologies. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. If we or our collaborators are unsuccessful in any such proceeding or other priority or inventorship dispute, we may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture, and commercialization of one or more of the product candidates we may develop. The loss of exclusivity or the narrowing of our owned and licensed patent claims could limit our ability to stop others from using or commercializing similar or identical technology and products.

In addition, given the amount of time required for the development, testing, and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our intellectual property may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

Some of our patents and patent applications may in the future be co-owned with third parties. In addition, collaborators or future licensors may co-own their patents and patent applications with other third parties with whom we do not have a direct relationship. Our rights to certain of these patents and patent applications may be dependent, in part, on inter-institutional or other operating agreements between the joint owners of such patents and patent applications, who are not parties to our license agreements. If our collaborators or future licensors do not have exclusive control of the grant of licenses under any such third-party co-owners' interest in such patents or patent applications or we are otherwise unable to secure such exclusive rights, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology to the extent such products and technology are not also covered by our intellectual property. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Our rights to develop and commercialize our product candidates are subject, in part, to the terms and conditions of agreements with others.

We are heavily reliant upon option rights to certain patent rights and proprietary technology from third parties that are important or necessary to the development of our product candidates and are subject to the terms and conditions of certain collaboration agreements with third parties. For example, in 2013 we entered into the Adimab Collaboration Agreement with Adimab. Under the Adimab Collaboration Agreement, we are developing antibodies discovered by Adimab in our AL001 and AL101 product candidates, and we are developing antibodies optimized by Adimab in our AL002 and AL003 product candidates. Additionally, in October 2017, we entered into the AbbVie Agreement to co-develop and commercialize medicines with AbbVie to treat Alzheimer's disease and other neurodegenerative diseases. For additional information on the Adimab Collaboration Agreement and the AbbVie Agreement, see the sections titled "Business—Adimab Collaboration Agreement" and "Business—Strategic Alliance with AbbVie."

Our agreements with Adimab and AbbVie and other agreements we enter into in the future may not provide exclusive rights to use certain intellectual property and technology retained by the collaborator in all relevant fields of use and in all territories in which we may wish to develop or commercialize our technology and products in the future. As a result, we may not be able to prevent competitors or other third parties from developing and commercializing competitive products that utilizes technology retained by such collaborators to the extent such products are not also covered by our intellectual property.

In addition, subject to the terms of any such agreements, we do not have the right to control the preparation, filing, prosecution, and maintenance, and we may not have the right to control the enforcement and defense of certain patents and patent applications retained by the collaborator and provided to us under a limited license. For example, under the Adimab Collaboration Agreement, patent rights relating to improvements to Adimab's background platform technology that are invented in the course of the research under the Adimab Collaboration Agreement are assigned to Adimab. We also have an exclusive option under the Adimab Collaboration Agreement to obtain with respect to a specified number of antibodies directed against such target and discovered or optimized by Adimab, ownership of certain patent rights relating to such antibodies, including certain patent rights. Until we exercise such option, we and Adimab each grant each other a non-exclusive license to the relevant intellectual property. We cannot be certain that patents and patent applications that are controlled by our collaborators will be prepared, filed, prosecuted, maintained, enforced, and defended in a manner consistent with the best interests of our business. If our collaborators fail to prosecute, maintain, enforce, and defend such patents, or lose rights to those patents or patent applications, the limited rights we have licensed may be reduced or eliminated, our right to develop and commercialize any of our product candidates that are subject of such licensed rights could be adversely affected, and we may have a reduced ability to prevent competitors from making, using, and selling competing products. In addition, even where we have the right to control patent prosecution of patents and patent applications we have licensed to and from collaborators, we may still be adversely affected or prejudiced by actions or inactions of our collaborators that took place prior to the date upon which we assumed control over patent prosecution.

Furthermore, our or our collaborators' patents may be subject to a reservation of rights by one or more third parties. For example, we received an award from the National Institute of Health in support of our research into the production and characterization of novel therapeutic antibodies against the neurotrophic factor PGRN degrading receptor Sortilin (SORT1). As a result, the U.S. government may have certain rights to resulting intellectual property. When new technologies are developed with U.S. government funding, the U.S. government generally obtains certain rights in any resulting patents, including a non-exclusive license authorizing the U.S. government to use the invention or to have others use the invention on its behalf. The U.S. government's rights may also permit it to disclose the funded inventions and technology to third parties and to exercise march-in rights to use or allow third parties to use the technology developed using U.S. government funding. The U.S. government may exercise its march-in rights if it determines that action is necessary because we fail to achieve the practical application of the government funded technology, or because action is necessary to alleviate health

or safety needs, to meet requirements of federal regulations, or to give preference to U.S. industry. In addition, our rights in such inventions may be subject to certain requirements to manufacture products embodying such inventions in facilities in the United States in certain circumstances and if this requirement is not waived. Any exercise by the U.S. government of such rights or by any third party of its reserved rights could have a material adverse effect on our competitive position, business, financial condition, results of operations, and prospects.

If we fail to comply with our obligations in the agreements under which we option or license intellectual property rights from our collaborators or future licensors or otherwise experience disruptions to our business relationships with our collaborators or future licensors, we could lose intellectual property rights that are important to our business.

We have entered into agreements with our collaborators to option or license certain intellectual property and may need to obtain additional intellectual property rights from others to advance our research or allow commercialization of product candidates we may develop. It is possible that we may be unable to obtain additional intellectual property rights at a reasonable cost or on reasonable terms, if at all. In that event, we may be required to expend significant time and resources to redesign our technology, product candidates, or the methods for manufacturing them or to develop or license replacement technology, all of which may not be feasible on a technical or commercial basis. If we are unable to do so, we may be unable to develop or commercialize the affected product candidates, which could harm our business, financial condition, results of operations, and prospects significantly. We cannot provide any assurances that third-party patents do not exist which might be enforced against our current technology, manufacturing methods, product candidates, or future methods or products resulting in either an injunction prohibiting our manufacture or future sales, or, with respect to our future sales, an obligation on our part to pay royalties and/or other forms of compensation to third parties, which could be significant.

In addition, each of our agreements with collaborators do, and we expect our future agreements will, impose various economic, development, diligence, commercialization, and other obligations on us. Certain of our collaboration agreements also require us to meet development timelines, or to exercise commercially reasonable efforts to develop and commercialize licensed products. In spite of our efforts, our collaborators might conclude that we have materially breached our obligations under such agreements and might therefore terminate or seek damages under the agreements, thereby removing or limiting our ability to develop and commercialize products and technology covered by these agreements. If termination of these agreements causes us to lose the rights to certain patents or other intellectual property, or if the underlying patents fail to provide the intended exclusivity, competitors or other third parties may have the freedom to seek regulatory approval of, and to market, products similar to or identical to ours and we may be required to cease our development and commercialization of certain of our product candidates. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and growth prospects.

Moreover, disputes may arise regarding intellectual property subject to a collaboration agreement, including:

- the scope of the option or license rights granted under the agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe on intellectual property of the collaborator that is not subject to the option or license rights granted under the agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our collaborators and us and our other partners; and
- the priority of invention of patented technology.

In addition, the agreements under which we currently have rights to option or license intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects. Moreover, if disputes over intellectual property that we have optioned or licensed prevent or impair our ability to maintain our current arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates, which could have a material adverse effect on our business, financial conditions, results of operations, and growth prospects.

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

Filing, prosecuting, and defending patents on our product candidates and other technologies in all countries throughout the world would be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States.

Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our 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, further, may export otherwise infringing products to territories where we have patent protection but enforcement is not as strong as that in the United States. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our intellectual property and proprietary rights generally. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property and proprietary rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we, our collaborators or any of our future licensors is forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations, and prospects may be adversely affected.

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

Periodic maintenance fees, renewal fees, annuity fees, and various other government fees on patents and applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned or licensed patents and applications. In certain circumstances, we rely on

our collaborators or licensing partners to pay these fees due to U.S. and non-U.S. patent agencies. The USPTO and various non-U.S. government agencies require compliance with several procedural, documentary, fee payment, and other similar provisions during the patent application process. We also are dependent on our collaborators or licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical products or technology, which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. Assuming that other requirements for patentability are met, prior to March 2013, in the United States, the first to invent the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith America Invents Act (the America Invents Act) enacted in September 2011, the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. A third party that files a patent application in the USPTO after March 2013, but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we were the first to either (i) file any patent application related to our product candidates or other technologies or (ii) invent any of the inventions claimed in our patents or patent applications.

The America Invents Act also includes a number of significant changes that affect the way patent applications will be prosecuted and also may affect patent litigation. These include allowing third party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, *inter partes* review, and derivation proceedings. Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. Therefore, the America Invents 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, all of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In addition, the patent positions of companies in the development and commercialization of pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the validity and enforceability of patents, once obtained. Depending on future actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

Issued patents covering our product candidates and other technologies could be found invalid or unenforceable if challenged in court or before administrative bodies in the United States or abroad.

If we initiated legal proceedings against a third party to enforce a patent covering our product candidates or other technologies, the defendant could counterclaim that such patent is invalid or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may raise claims challenging the validity or enforceability of our patents before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review, *inter partes* review, interference proceedings, derivation proceedings, and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in the revocation of, cancellation of, or amendment to our patents in such a way that they no longer cover our product candidates or other technologies. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we or our licensing partners and the patent examiner were unaware during prosecution. If a third party were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates or other technologies. Such a loss of patent protection would have a material adverse impact on our business, financial condition, results of operations, and growth prospects.

If we do not obtain patent term extension and data exclusivity for any product candidates we may develop, our business may be materially harmed.

Depending upon the timing, duration, and specifics of any FDA marketing approval of any product candidates we may develop, one or more of our U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984 (Hatch-Waxman Act). The Hatch-Waxman Act permits a patent term extension of up to five years as compensation for patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Similar extensions as compensation for patent term lost during regulatory review processes are also available in certain foreign countries and territories, such as in Europe under a Supplementary Patent Certificate. However, we may not be granted an extension in the United States and/or foreign countries and territories because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or the term of any such extension is shorter than what we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and growth prospects could be materially harmed.

We may be subject to claims challenging the inventorship of our patents and other intellectual property.

We may be subject to claims that former employees, collaborators or other third parties have an interest in our patents, trade secrets, or other intellectual property as an inventor or co-inventor. For example, we may have inventorship disputes arise from conflicting obligations of employees, consultants, or others who are involved in developing our product candidates or other technologies. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership of our patents, trade secrets, or other intellectual property. If the defense of any such claims fails, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, intellectual property that is important to our product candidates and other technologies. Even if we are successful in defending against such claims, litigation could result

in substantial costs and be a distraction to management and other employees. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

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

In addition to seeking patents for our product candidates and other technologies, we also rely on trade secrets and confidentiality agreements to protect our unpatented know-how, technology, and other proprietary information and to maintain our competitive position. We consider trade secrets and know-how to be one of our primary sources of intellectual property. Trade secrets and know-how can be difficult to protect. We expect our trade secrets and know-how to over time be disseminated within the industry through independent development, the publication of journal articles describing the methodology, and the movement of personnel from academic to industry scientific positions.

We seek to protect these trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, CROs, CDMOs, consultants, advisors, and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants as well as train our employees not to bring or use proprietary information or technology from former employers to us or in their work, and remind former employees when they leave their employment of their confidentiality obligations. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. Despite our efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third party, our competitive position would be materially and adversely harmed.

We may not be successful in obtaining, through acquisitions or otherwise, necessary rights to our product candidates or other technologies.

Many pharmaceutical companies, biotechnology companies, and academic institutions are competing with us in the field of neurodegeneration therapy may have patents and have filed and are likely filing patent applications potentially relevant to our business. In order to avoid infringing these third-party patents, we may find it necessary or prudent to obtain licenses to such patents from such third-party intellectual property holders. We may also require licenses from third parties for certain technologies for use with future product candidates. In addition, with respect to any patents we co-own with third parties, we may wish to obtain licenses to such co-owners' interest to such patents. However, we may be unable to secure such licenses or otherwise acquire any compositions, methods of use, processes, or other intellectual property rights from third parties that we identify as necessary for our future product candidates. The licensing or acquisition of third party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources, and greater clinical development and commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. We also may be unable to license or acquire third party intellectual property rights on terms that would allow us to make an appropriate return on our investment or at all. If we are unable to successfully obtain rights to required third party intellectual property rights or maintain the existing intellectual property rights we have, we may have to abandon development of the relevant program or product candidate, which could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees, consultants, and advisors are currently or were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors and potential competitors. Although we try to ensure that our employees, consultants, and advisors 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 individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Such claims could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

Third-party claims of intellectual property infringement, misappropriation, or other violation against us or our collaborators may prevent or delay the development and commercialization of our product candidates and other technologies.

The field of discovering treatments for neurodegenerative diseases is highly competitive and dynamic. Due to the focused research and development that is taking place by several companies, including us and our competitors, in this field, the intellectual property landscape is in flux, and it may remain uncertain in the future. Additionally, the technology used in our product candidates is still in its infancy and no products utilizing similar technology have yet reached the market. As such, there may be significant intellectual property related litigation and proceedings relating to our, and other third party, intellectual property and proprietary rights in the future.

Our commercial success depends in part on our and our collaborators' ability to develop, manufacture, market, and sell any product candidates that we develop and to use our proprietary technologies without infringing, misappropriating, and otherwise violating the patents and other intellectual property rights of third parties. There is a substantial amount of complex litigation involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries, as well as administrative proceedings for challenging patents, including interference, derivation, and reexamination proceedings before the USPTO or oppositions and other comparable proceedings in foreign jurisdictions. We may become party to, or threatened with, such actions in the future, regardless of their merit. As discussed above, recently, due to changes in U.S. law referred to as patent reform, new procedures including inter partes review and post-grant review have been implemented. As stated above, this reform adds uncertainty to the possibility of challenge to our patents in the future.

Numerous U.S. and foreign issued patents and pending patent applications owned by third parties exist in the fields in which we are developing our product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates and other technologies may give rise to claims of infringement of the patent rights of others. Although we believe that we do not infringe a valid claim of any third party's patents or other intellectual property, we cannot assure you that our product candidates and other technologies that we have developed, are developing or may develop in the future will not infringe existing or future patents owned by third parties. We may not be aware of patents that

have already been issued and that a third party, for example, a competitor in the fields in which we are developing product candidates, and other technologies might assert are infringed by our current or future product candidates or other technologies, including claims to compositions, formulations, methods of manufacture or methods of use or treatment that cover our product candidates or other technologies. It is also possible that patents owned by third parties of which we are aware, but which we do not believe are relevant to our product candidates or other technologies, could be found to be infringed by our product candidates or other technologies. In addition, because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our product candidates or other technologies may infringe.

Third parties may have patents or obtain patents in the future and claim that the manufacture, use or sale of our product candidates or other technologies infringes upon these patents. In the event that any third party claims that we infringe their patents or that we are otherwise employing their proprietary technology without authorization and initiates litigation against us, even if we believe such claims are without merit, a court of competent jurisdiction could hold that such patents are valid, enforceable and infringed by our product candidates or other technologies. In this case, the holders of such patents may be able to block our ability to commercialize the applicable product candidate or technology unless we obtain a license under the applicable patents, or until such patents expire or are finally determined to be held invalid or unenforceable. Such a license may not be available on commercially reasonable terms or at all. Even if we are able to obtain a license, the license would likely obligate us to pay license fees or royalties or both, and the rights granted to us might be nonexclusive, which could result in our competitors gaining access to the same intellectual property. If we are unable to obtain a necessary license to a third-party patent on commercially reasonable terms, we may be unable to commercialize our product candidates or other technologies, or such commercialization efforts may be significantly delayed, which could in turn significantly harm our business.

Defense of infringement claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of management and other employee resources from our business, and may impact our reputation. In the event of a successful claim of infringement against us, we may be enjoined from further developing or commercializing our infringing product candidates or other technologies. In addition, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, obtain one or more licenses from third parties, pay royalties, and/or redesign our infringing product candidates or technologies, which may be impossible or require substantial time and monetary expenditure. In that event, we would be unable to further develop and commercialize our product candidates or other technologies, which could harm our business significantly.

Engaging in litigation to defend against third parties alleging that we have infringed, misappropriated, or otherwise violated their patents or other intellectual property rights is very expensive, particularly for a company of our size, and time-consuming. Some of our competitors may be able to sustain the costs of litigation or administrative proceedings more effectively than we can because of greater financial resources. Patent litigation and other proceedings may also absorb significant management time. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings against us could impair our ability to compete in the marketplace. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

We may become involved in lawsuits to protect or enforce our patents and other intellectual property rights, which could be expensive, time consuming, and unsuccessful.

Competitors may infringe our patents or the patents of our licensing partners, or we may be required to defend against claims of infringement. In addition, our patents or the patents of our licensing partners also may become involved in inventorship, priority, or validity disputes. To counter or defend against such claims can be expensive and time consuming. In an infringement proceeding, a court may decide that a patent in which we have an interest is invalid or unenforceable, the other party's use of our patented technology falls under the safe harbor to patent infringement under 35 U.S.C. §271(e)(1), 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 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.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses and could distract our personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing, or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

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

Our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented, or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition among potential partners or customers in our markets of interest. At times, competitors or other third parties may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected. Our efforts to enforce or protect our proprietary rights related to trademarks, trade secrets, domain names, copyrights or other intellectual property may be ineffective and could result in substantial costs and diversion of resources and could adversely affect our business, financial condition, results of operations, and growth prospects.

Intellectual property rights do not necessarily address all potential threats.

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. For example:

- others may be able to make products that are similar to our product candidates or utilize similar technology but that are not covered by the claims of the patents that we license or may own;
- we, or our current or future licensors or collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or own now or in the future;
- we, or our current or future licensors or collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our owned or licensed intellectual property rights;
- it is possible that our current or future pending owned or licensed patent applications will not lead to issued patents;

- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors or other third parties;
- our competitors or other third parties might conduct research and development activities 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 harm our business; and
- we may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations, and growth prospects.

Risks Related to Our Operations

We are highly dependent on our key personnel, and if we are not successful in attracting, motivating, 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, motivate, and retain highly qualified managerial, scientific, and medical personnel. We are highly dependent on our management, particularly our Chief Executive Officer, Dr. Arnon Rosenthal, and our scientific and medical personnel. The loss of the services provided by 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 the development of our product candidates and harm our business.

We conduct our operations at our facility in South San Francisco, California, in a region that is headquarters to many other biopharmaceutical companies and many academic and research institutions. Competition for skilled personnel is intense and the turnover rate can be high, which may limit our ability to hire and retain highly qualified personnel on acceptable terms or at all. We expect that we may need to recruit talent from outside of our region, and doing so may be costly and difficult.

To induce valuable employees to remain at our company, in addition to salary and cash incentives, we have provided restricted stock and stock option grants that vest over time. The value to employees of these equity grants 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. 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. If we are unable to attract and incentivize quality personnel on acceptable terms, or at all, it may cause our business and operating results to suffer.

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

As of June 30, 2018, we had 57 employees, all of whom were full-time. As our development plans and strategies develop, and as we transition into operating as a public company, we must add a significant number of additional managerial, operational, financial, and other personnel. Future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, retaining, and motivating additional employees;
- managing our internal development efforts effectively, including the clinical and FDA review process for our current and future product candidates, while complying with our contractual obligations to contractors and other third parties;

- expanding our operational, financial and management controls, reporting systems, and procedures; and
- managing increasing operational and managerial complexity.

Our future financial performance and our ability to continue to develop and, if approved, commercialize our product candidates will depend, in part, on our ability to effectively manage any future growth. Our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to manage 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. There can be no assurance that the services of these 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. There can be no assurance that we will be able to manage our existing consultants or find other competent outside contractors and consultants on economically reasonable terms, if 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 our product candidates and, accordingly, may not achieve our research, development, and commercialization goals.

We have engaged in strategic collaborations and may in the future engage in acquisitions, collaborations, or strategic partnerships, which may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

We have engaged in strategic collaborations in the past, such as our strategic collaboration with AbbVie, and we may engage in various acquisitions, collaborations, and strategic partnerships in the future, including licensing or acquiring complementary products, intellectual property rights, technologies, or businesses. Any acquisition, collaboration, or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- volatility with respect to the financial reporting related to such arrangements, such as our expected variability in the recognition of revenue each quarter from the AbbVie Agreement based on the percentage-of-completion basis under the applicable accounting rules;
- assumption of indebtedness or contingent liabilities;
- issuance of our equity securities which would result in dilution to our stockholders;
- assimilation of operations, intellectual property, products, and product candidates of an acquired company, including difficulties associated with integrating new personnel;
- diversion of our management’s attention from our existing product programs and initiatives in pursuing such an acquisition or strategic partnership;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals; and
- our inability to generate revenue from acquired intellectual property, technology, and/or products sufficient to meet our objectives or even to offset the associated transaction and maintenance costs.

In addition, if we undertake such a transaction, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses, and acquire intangible assets that could result in significant future amortization expense.

Our internal computer systems, or those used by our third-party research institution collaborators, CROs or other contractors or consultants, may fail or suffer other breakdowns, cyberattacks, or information security breaches that could compromise the confidentiality, integrity, and availability of such systems and data, and affect our reputation.

Despite the implementation of security measures, our internal computer systems and those of our future CROs and other contractors and consultants may be vulnerable to damage from computer viruses and unauthorized access. As the cyber-threat landscape evolves, these attacks are growing in frequency, sophistication, and intensity, and are becoming increasingly difficult to detect. Such attacks could include the use of key loggers or other harmful and virulent malware, including ransomware or other denials of service, and can be deployed through malicious websites, the use of social engineering, and/or other means. If a breakdown, cyberattack, or other information security breach 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, ongoing, 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 our third-party research institution collaborators for research and development of our product candidates and other 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 systems, or inappropriate disclosure of confidential or proprietary information, including data related to our personnel, we could incur liability and the further development and commercialization of our product candidates could be delayed. There can be no assurance that we and our business counterparties will be successful in efforts to detect, prevent, or fully recover systems or data from all breakdowns, service interruptions, attacks, or breaches of systems that could adversely affect our business and operations and/or result in the loss of critical or sensitive data, which could result in financial, legal, business, or reputational harm to us.

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

Our operations, and those of our third-party research institution collaborators, CROs, CDMOs, suppliers, 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 partly uninsured. In addition, we rely on our third-party research institution collaborators for conducting research and development of our product candidates, and they may be affected by government shutdowns or withdrawn funding. 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. 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.

The majority of our operations including our corporate headquarters are located in a facility in South San Francisco, California. Damage or extended periods of interruption to our corporate, development, or research facilities due to fire, natural disaster, power loss, communications failure, unauthorized entry, or other events could cause us to cease or delay development of some or all of our product candidates. Although we maintain property damage and business interruption insurance coverage on these facilities, our insurance might not cover all losses under such circumstances and our business may be seriously harmed by such delays and interruption.

Our business is subject to economic, political, regulatory, and other risks associated with international operations.

Our business is subject to risks associated with conducting business internationally. Some of our CDMOs are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, or political instability in particular non-U.S. economies and markets;
- differing and changing regulatory requirements in non-U.S. countries;
- 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;
- difficulties in compliance with non-U.S. laws and regulations;
- changes in non-U.S. regulations and customs, tariffs, and trade barriers;
- changes in non-U.S. currency exchange rates and currency controls;
- changes in a specific country's or region's political or economic environment;
- shipping of biologics/drugs;
- trade protection measures, import or export licensing requirements, or other restrictive actions by U.S. or non-U.S. governments;
- negative consequences from changes in tax laws;
- compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- potential liability under the FCPA, UK Bribery Act, or comparable foreign laws; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods, and fires.

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

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

As of December 31, 2017, we had federal and California net operating loss carryforwards of approximately $17.5 million and $17.6 million, respectively, which will begin to expire in 2037, if not utilized. Under Sections 382 and 383 of the United States Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change" (generally defined as a greater than 50-percentage-point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period), the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. As a result of our most recent private placements and other transactions that have occurred since our incorporation, we may have experienced, and in connection with this offering, may experience, such an ownership change. We may also experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which are outside our control. As a result, our ability to use our pre-change net operating loss carryforwards and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation.

Risks Related to This Offering and Ownership of Our Common Stock

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

Before this offering, there was no public trading market for our common stock. If a market for our common stock does not develop or is not sustained, it may be difficult for you to sell your shares of common stock at an attractive price or at all. We cannot predict the prices at which our common stock will trade. It is possible that in one or more future periods our results of operations and progression of our product pipeline may not meet the expectations of public market analysts and investors, and, as a result of these and other factors, the price of our common stock may fall.

The market price of our common stock may be volatile, which could result in substantial losses for investors purchasing shares in this offering.

The initial public offering price for our common stock was determined through negotiations with the underwriters. This initial public offering price may differ from the market price of our common stock after the offering. As a result, you may not be able to sell your common stock at or above the initial public offering price. Some of the factors that may cause the market price of our common stock to fluctuate include:

- the success of existing or new competitive products or technologies;
- the timing and results of clinical trials for our current product candidates and any future product candidates that we may develop;
- commencement or termination of collaborations for our product development and research programs;
- failure to achieve development, regulatory, or commercialization milestones under our collaborations;
- failure or discontinuation of any of our product development and research programs;
- results of preclinical studies, clinical trials, or regulatory approvals of product candidates of our competitors, or announcements about new research programs or product candidates of our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents, or other proprietary rights;
- the recruitment or departure of key personnel;
- the level of expenses related to any of our research programs, clinical development programs, or product candidates that we may develop;
- the results of our efforts to develop additional product candidates or products;
- actual or anticipated changes in estimates as to financial results, development timelines, or recommendations by securities analysts;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders, or other stockholders;
- expiration of market standoff or lock-up agreements;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in estimates or recommendations by securities analysts, if any, that cover our stock;
- changes in the structure of healthcare payment systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- general economic, industry, and market conditions; and
- the other factors described in this “Risk Factors” section.

In recent years, the stock market in general, and the market for pharmaceutical and biotechnology companies in particular, has experienced significant price and volume fluctuations that have often been unrelated or disproportionate to changes in the operating performance of the companies whose stock is experiencing those price and volume fluctuations. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly following this offering. Following periods of such volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Because of the potential volatility of our stock price, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

If securities analysts do not publish research or reports about our business or if they publish negative evaluations of our stock, the price of our stock could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not currently have and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of us, the trading price of our stock could decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock or if we fail to meet their operating results estimates for us, the price of our stock could decline. If one or more of these analysts cease to cover our stock, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline.

A significant portion of our total outstanding shares is restricted from immediate resale but may be sold into the market in the near future, which could cause the market price of our common stock to decline significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales, upon the expiration of the market standoff and lock-up agreements, the early release of these agreements, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock. After this offering and after giving effect to the conversion of all outstanding shares of our convertible preferred stock into shares of our common stock immediately prior to the closing of this offering, we will have shares of common stock outstanding based on shares of our common stock outstanding as of . Of these shares, the shares we are selling in this offering may be resold in the public market immediately, unless purchased by our affiliates. The remaining shares, or % of our outstanding shares after this offering, are currently prohibited or otherwise restricted under securities laws, market standoff agreements entered into by our stockholders with us or lock-up agreements entered into by our stockholders with the underwriters; however, subject to applicable securities law restrictions and excluding shares of restricted stock that will remain unvested, these shares will be able to be sold in the public market beginning after the 180th day after the date of this prospectus. The representatives may, in their sole discretion, release all or some portion of the shares subject to lock-up agreements at any time and for any reason. In addition, shares of unvested restricted stock were issued and outstanding as of will become available for sale immediately upon the vesting of such shares, as applicable, and the expiration of any applicable market standoff or lock-up agreements. Shares issued upon the exercise of stock options outstanding under our equity incentive plans or pursuant to future awards granted under those plans will become available for sale in the public market to the extent permitted by the provisions of applicable vesting schedules, any applicable market standoff and lock-up agreements, and Rule 144 and Rule 701 under the Securities Act of 1933, as amended (the Securities Act). See the section titled "Shares Eligible for Future Sale" for additional information.

Moreover, after this offering, holders of an aggregate of shares of our common stock will have rights, subject to conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also plan to register all

shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance and once vested, subject to volume limitations applicable to affiliates and the lock-up agreements described in the section titled "Underwriting." If any of these additional shares are sold, or if it is perceived that they will be sold, in the public market, the market price of our common stock could decline.

You will incur immediate and substantial dilution as a result of this offering.

If you purchase common stock in this offering, you will incur immediate and substantial dilution of $ per share, representing the difference between the initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and our pro forma net tangible book value per share after giving effect to this offering and the automatic conversion of all outstanding shares of our convertible preferred stock immediately prior to the closing of this offering. As of June 30, 2018, there were 286,750 shares subject to outstanding options with a weighted-average exercise price of $7.38 per share. To the extent that these outstanding options are ultimately exercised or the underwriters exercise their option to purchase additional shares, you will incur further dilution. See the section titled "Dilution" for a further description of the dilution you will experience immediately after this offering.

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

We may seek additional capital through a combination of public and private equity offerings, debt financings, strategic partnerships and alliances, and licensing arrangements. We, and indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future offerings. To the extent that we raise additional capital through the sale of equity or debt securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. The incurrence of indebtedness would result in increased fixed payment obligations and could involve restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell, or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. Additionally, any future collaborations we enter into with third parties may provide capital in the near term but limit our potential cash flow and revenue in the future. If we raise additional funds through strategic partnerships and alliances and licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies or product candidates, or grant licenses on terms unfavorable to us.

Insiders will continue to have substantial influence over us after this offering, which could limit your ability to affect the outcome of key transactions, including a change of control.

After this offering, our directors, executive officers, holders of more than 5% of our outstanding stock and their respective affiliates will beneficially own shares representing approximately % of our outstanding common stock. As a result, these stockholders, if they act together, will be able to influence our management and affairs and all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control of our company and might affect the market price of our common stock.

We are an "emerging growth company," and the reduced disclosure requirements applicable to emerging growth companies may make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the JOBS Act). For so long as we remain an emerging growth company, we are permitted and plan to rely on

exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 (SOX), not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, the information we provide stockholders will be different than the information that is available with respect to other public companies. In this prospectus, we have not included all of the executive compensation related information that would be required if we were not an emerging growth company. We cannot predict whether investors will find our common stock less attractive if we 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.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards, and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We will incur 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 and corporate governance practices.

As a public company, and particularly after we are no longer an emerging growth company, we will incur significant legal, accounting, and other expenses that we did not incur as a private company. The SOX, the Dodd-Frank Wall Street Reform, and Consumer Protection Act, the listing requirements of , and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. We expect that we will need to hire additional accounting, finance, and other personnel in connection with our becoming, and our efforts to comply with the requirements of being, a public company, and our management and other personnel will need to devote a substantial amount of time towards maintaining compliance with these requirements. These requirements will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that the rules and regulations applicable to us as a public company may make it more difficult and more expensive for us to obtain director and officer liability insurance, which could make it more difficult for us to attract and retain qualified members of our board of directors. We are currently evaluating these rules and regulations and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to SOX Section 404, we will be required to furnish a report by our management on our internal control over financial reporting beginning with our second filing of an Annual Report on Form 10-K with the SEC after we become a public company. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with SOX Section 404 within the prescribed period, we will be engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants, adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that

controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by SOX Section 404. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

If we are unable to maintain effective internal controls, our business, financial position, and results of operations could be adversely affected.

As a public company, we will be subject to reporting and other obligations under the Securities Exchange Act of 1934, as amended (Exchange Act), including the requirements of SOX Section 404, which require annual management assessments of the effectiveness of our internal control over financial reporting. However, our auditors will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to SOX Section 404 until we are no longer an emerging growth company if we continue to take advantage of the exemptions available to us through the JOBS Act.

The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management may identify material weaknesses or deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes-Oxley Act of 2002. These reporting and other obligations place significant demands on our management and administrative and operational resources, including accounting resources.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Any failure to maintain effective internal controls could have an adverse effect on our business, financial position, and results of operations.

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

We cannot specify with certainty the particular uses of the net proceeds we will receive from this offering. Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described in the section titled “Use of Proceeds.” Our management may spend a portion or all of the net proceeds from this offering in ways that our stockholders may not desire or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business, financial condition, results of operations and prospects. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

We do not expect to pay any dividends for the foreseeable future. Investors in this offering may never obtain a return on their investment.

You should not rely on an investment in our common stock to provide dividend income. We do not anticipate that we will pay any dividends to holders of our common stock in the foreseeable future. Instead, we plan to retain any earnings to maintain and expand our existing operations. In addition, any future credit facility may contain terms prohibiting or limiting the amount of dividends that may be declared or paid on our common stock. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any return on their investment. As a result, investors seeking cash dividends should not purchase our common stock.

Delaware law and provisions in our amended and restated certificate of incorporation and bylaws that will become effective upon the closing of this offering might discourage, delay, or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions in our amended and restated certificate of incorporation and bylaws that will become effective upon the closing of this offering may discourage, delay, or prevent a merger, acquisition, or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. Therefore, these provisions could adversely affect the price of our common stock. Among other things, our charter documents will:

- establish that our board of directors is divided into three classes, Class I, Class II, and Class III, with each class serving staggered three year terms;
- provide that vacancies on our board of directors may be filled only by a majority of directors then in office, even though less than a quorum;
- provide that our directors may only be removed for cause;
- eliminate cumulative voting in the election of directors;
- authorize our board of directors to issues shares of preferred stock and determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval;
- provide our board of directors with the exclusive right to elect a director to fill a vacancy or newly created directorship;
- permit stockholders to only take actions at a duly called annual or special meeting and not by written consent;
- prohibit stockholders from calling a special meeting of stockholders;
- require that stockholders give advance notice to nominate directors or submit proposals for consideration at stockholder meetings;
- authorize our board of directors, by a majority vote, to amend the bylaws; and
- require the affirmative vote of at least 66 2/3% or more of the outstanding shares of common stock to amend many of the provisions described above.

In addition, Section 203 of the General Corporation Law of the State of Delaware (DGCL), prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws, or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated certificate of incorporation that will become effective upon the closing of this offering provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums 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 amended and restated certificate of incorporation that will become effective upon the closing of this offering 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 claim of breach of fiduciary duty;

- any action asserting a claim against us arising under the DGCL, our amended and restated certificate of incorporation, or our amended and restated bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

Our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

These exclusive-forum provisions 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 lawsuits against us and our directors, officers, and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, product candidates, planned preclinical studies and clinical trials, results of clinical trials, research and development costs, regulatory approvals, timing and likelihood of success, as well as plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other important factors that are in some cases beyond our control and may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- the ability of our clinical trials to demonstrate safety and efficacy of our product candidates, and other positive results;
- the timing and focus of our future clinical trials, and the reporting of data from those trials;
- our plans relating to commercializing our product candidates, if approved, including the geographic areas of focus and sales strategy;
- the expected potential benefits of strategic collaborations with third parties and our ability to attract collaborators with development, regulatory and commercialization expertise;
- our estimates of the number of patients in the United States who suffer from the diseases we are targeting and the number of patients that will enroll in our clinical trials;
- the size of the market opportunity for our product candidates in each of the diseases we are targeting;
- the success of competing therapies that are or may become available;
- the beneficial characteristics, safety, efficacy, and therapeutic effects of our product candidates;
- the timing or likelihood of regulatory filings and approvals, including our expectation to seek special designations, such as orphan drug designation, for our product candidates for various diseases;
- our ability to obtain and maintain regulatory approval of our product candidates;
- our plans relating to the further development and manufacturing of our product candidates, including additional indications for which we may pursue;
- existing regulations and regulatory developments in the United States and other jurisdictions;
- our continued reliance on third parties to conduct additional clinical trials of our product candidates, and for the manufacture of our product candidates for preclinical studies and clinical trials;
- our plans and ability to obtain or protect intellectual property rights, including extensions of existing patent terms where available;
- the need to hire additional personnel and our ability to attract and retain such personnel;
- the accuracy of our estimates regarding expenses, future revenue, capital requirements, and needs for additional financing;
- our financial performance;
- the sufficiency of our existing cash and cash equivalents to fund our future operating expenses and capital expenditure requirements;

- our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act; and
- our anticipated use of our existing resources and the proceeds from this offering.

We have based these forward-looking statements largely on our current expectations and projections about our business, the industry in which we operate and financial trends that we believe may affect our business, financial condition, results of operations, and prospects, and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties, and assumptions described in the section titled "Risk Factors" and elsewhere in this prospectus. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein until after we distribute this prospectus, whether as a result of any new information, future events, or otherwise.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

MARKET, INDUSTRY, AND OTHER DATA

This prospectus contains estimates, projections, and other information concerning our industry, our business, and the markets for our product candidates, including data regarding the estimated size of such markets and the incidence of certain medical conditions. We obtained the industry, market, and similar dataset forth in this prospectus from our internal estimates and research and from academic and industry research, publications, surveys, and studies conducted by third parties, including governmental agencies. In some cases, we do not expressly refer to the sources from which this information is derived. In that regard, when we refer to one or more sources of this type of information in any paragraph, you should assume that other information of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. While we believe that the data we use from third parties are reliable, we have not separately verified these data. Further, while we believe our internal research is reliable, such research has not been verified by any third party. You are cautioned not to give undue weight to any such information, projections, and estimates.

In some cases, we do not expressly refer to the sources from which data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires.

The sources of industry and market data contained in this prospectus are listed below:

1. The Alzheimer's Association. "2018 Alzheimer's Disease Facts and Figures."
2. The Alzheimer's Association. "Costs of Alzheimer's to Medicare and Medicaid."
3. Boeve, B., Baker, M., Dickson, D., Parisi, J., Giannini, C., et al. "Frontotemporal dementia and parkinsonism associated with the IVS1+1G->A mutation in progranulin: a clinicopathologic study." *Brain: a Journal of Neurology*. Volume 129, Issue 11, November 2006.
4. Hansen, D., Hanson, J., Sheng, M. "Microglia in Alzheimer's disease." *Journal of Cell Biology*. Volume 217, Number 2, February 2018.
5. Kao, A., McKay, A., Singh, P., Brunet, A., Huang, E. "Progranulin, lysosomal regulation and neurodegenerative disease." *Nature Reviews Neuroscience*. Volume 18, Number 6, June 2017.
6. The Parkinson's Disease Foundation. "Statistics."
7. Sha, S., Miller, Z., Min, S., Zhou, Y., Brown, J., et al. "An 8-week, open-label, dose-finding study of nimodipine for the treatment of progranulin insufficiency from GRN gene mutations." *Alzheimer's & Dementia: Translational Research & Clinical Interventions*. Volume 3, Issue 4, November 2017.
8. World Health Organization. "Neurological Disorders: Public Health Challenges." *World Health Organization Press*. 2007.

USE OF PROCEEDS

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

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We do not expect that a change in the initial public offering price or the number of shares by these amounts would have a material effect on our uses of the proceeds from this offering, although it may accelerate the time at which we will need to seek additional capital.

The principal purposes of this offering are to obtain additional capital to support our operations, establish a public market for our common stock and facilitate our future access to the public capital markets. We currently anticipate that we will use the net proceeds from this offering, together with our existing resources as follows:

- approximately $ million to fund Phase 1 trials for AL001, as well as preparation for Phase 2/3 clinical trials for AL001;
- approximately $ million to advance AL002 and AL003 into and through Phase 1 clinical trials;
- approximately $ million to fund Phase 2 enabling activities for AL002 and AL003;
- approximately $ million to continue to advance our preclinical development pipeline;
- approximately $ million to further develop our Discovery Platform; and
- the remainder to fund working capital and other general corporate activities.

We believe opportunities may exist from time to time to expand our current business through license or acquisitions of, or investments in, complementary businesses, products or technologies. While we currently have no agreements or commitments to complete any such transaction at this time, we may use a portion of the net proceeds for these purposes.

The net proceeds from this offering, together with our cash, cash equivalents, and marketable securities, will not be sufficient for us to fund any of our product candidates through regulatory approval, and we will need to raise additional capital to complete the development and commercialization of our products.

Our management will have broad discretion over the use of the net proceeds from this offering. The amounts and timing of our expenditures will depend upon numerous factors including the results of our research and development efforts, the timing and success of preclinical studies and any ongoing clinical trials or clinical trials we may commence in the future, the timing of regulatory submissions, the amount of cash obtained through our existing collaborations and future collaborations, if any, and any unforeseen cash needs.

Pending their uses, we plan to invest the net proceeds of this offering in short-term, interest-bearing, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have not declared or paid any cash dividends on our capital stock since our inception. We intend to retain future earnings, if any, to finance the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, current and anticipated cash needs, the requirements and contractual restrictions of then-existing debt instruments, and other factors that our board of directors deems relevant.

CAPITALIZATION

The following table sets forth our cash, cash equivalents, and marketable securities and capitalization as of June 30, 2018, as follows:

- on an actual basis;
- on a pro forma basis to reflect (1) the conversion of all outstanding shares of our convertible preferred stock into shares of our common stock immediately prior to the closing of this offering, as if such conversion had occurred on June 30, 2018, and (2) the filing and effectiveness of our amended and restated certificate of incorporation, which will occur immediately prior to the closing of this offering; and
- on a pro forma as adjusted basis to further reflect our issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated expenses payable by us.

You should read this table in conjunction with our consolidated financial statements and the related notes and the sections titled “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” that are included elsewhere in this prospectus.

	As of June 30, 2018		
	Actual	Pro Forma	Pro Forma As Adjusted(1)
	(In thousands, except share and per share data) (Unaudited)		
Cash, cash equivalents, and marketable securities	$268,099	$268,099	$
Convertible preferred stock, par value $0.0001 per share; 44,442,752 shares authorized, 40,943,028 issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted	$147,569	$ —	$
Stockholders’ equity (deficit):			
Preferred stock, par value $0.0001 per share; no shares authorized, issued and outstanding, actual; shares authorized, and no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	
Common stock, par value $0.0001 per share; 65,000,000 shares authorized, 13,764,829 shares issued and outstanding, actual; shares authorized, 54,707,857 shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted	1	5	
Additional paid-in capital	12,438	160,003	
Accumulated other comprehensive loss	(92)	(92)	
Accumulated deficit	(81,745)	(81,745)	
Total stockholders’ equity (deficit)	(69,398)	78,171	
Total capitalization	$ 78,171	$ 78,171	$

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease each of cash, cash equivalents, and marketable securities, additional paid-in-capital, total stockholders’ equity (deficit), and total capitalization by $ million, assuming the number of shares offered by us, as set

forth on the cover page of this prospectus, remains the same and after deducting the underwriting discounts and commissions and estimated expenses payable by us. Each increase or decrease of 1,000,000 shares in the number of shares of common stock offered by us would increase or decrease each of cash, cash equivalents, and marketable securities, working capital, total assets, and total stockholders' equity (deficit) by approximately $ million, assuming an initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, remains the same, and after deducting the underwriting discounts and commissions and estimated expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

The number of shares of our common stock to be outstanding after this offering is based on the 54,707,857 shares of our common stock outstanding as of June 30, 2018 (including convertible preferred stock on an as-converted basis), and excludes the following:

- 286,750 shares of common stock issuable upon exercise of options to purchase shares of our common stock outstanding as of June 30, 2018, at a weighted-average exercise price of $7.38 per share;
- 2,761,750 shares of common stock issuable upon exercise of options to purchase shares of our common stock that we granted after June 30, 2018, at a weighted-average price of $8.22 per share;
- 4,407,187 shares of common stock issuable upon the conversion of 4,407,187 shares of Series E preferred stock issued in July 2018, with a purchase price of $14.2154 per share, for aggregate gross proceeds of $62.6 million;
- 4,898,000 shares of common stock reserved for future issuance under our 2017 Stock Option and Grant Plan (the 2017 Plan), which shares will be added to the shares to be reserved under our 2019 Equity Incentive Plan (the 2019 Plan);
- shares of common stock reserved for future issuance under our 2019 Plan, which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan; and
- shares of common stock reserved for issuance under our 2019 Employee Stock Purchase Plan (the 2019 ESPP), which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan.

DILUTION

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

Our historical net tangible book value (deficit) as of June 30, 2018 was $(69.4) million, or $(5.04) per share of our common stock. Our historical net tangible book value (deficit) is the amount of our total tangible assets less our total liabilities and convertible preferred stock, which is not included within our stockholders' (deficit) equity. Historical net tangible book value per share represents historical net tangible book value (deficit) divided by the number of shares of our common stock outstanding as of June 30, 2018.

Our pro forma net tangible book value as of June 30, 2018 was $78.2 million, or $1.43 per share of our common stock. Pro forma net tangible book value represents the amount of our total tangible assets less our total liabilities, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 40,943,028 shares of common stock immediately prior to the completion of this offering. Pro forma net tangible book value per share represents pro forma net tangible book value divided by the total number of shares outstanding as of June 30, 2018, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 40,943,028 shares of our common stock immediately prior to the completion of this offering.

After giving further effect to our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2018 would have been approximately $ million, or approximately $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value per share of $ to our existing stockholders and an immediate dilution in pro forma as adjusted net tangible book value per share of approximately $ to new investors purchasing common stock in this offering. Dilution per share to new investors purchasing common stock in this offering is determined by subtracting pro forma as adjusted net tangible book value per share after this offering from the assumed initial public offering price per share paid by new investors.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Historical net tangible book value (deficit) per share as of June 30, 2018	$(5.04)	
Pro forma increase in net tangible book value per share as of June 30, 2018	$ 6.47	
Pro forma net tangible book value per share as of June 30, 2018	$ 1.43	
Increase in pro forma as adjusted net tangible book value per share attributable to new investors purchasing shares in this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors purchasing shares in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by $ per share and the dilution to new investors purchasing common stock in this offering by $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. An increase of 1,000,000 shares in the number of shares offered by us would increase the pro forma as adjusted net

tangible book value per share after this offering by $ and decrease the dilution per share to new investors participating in this offering by $, assuming no change in the assumed initial public offering price and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. A decrease of 1,000,000 shares in the number of shares offered by us would decrease the pro forma as adjusted net tangible book value per share after this offering by $ and increase the dilution per share to new investors participating in this offering by $, assuming no change in the assumed initial public offering price and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares of common stock in this offering in full at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover of this prospectus and assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, the pro forma as adjusted net tangible book value per share after this offering would be $ per share, and the dilution in pro forma as adjusted net tangible book value per share to new investors purchasing common stock in this offering would be $ per share.

The following table summarizes, on a pro forma as adjusted basis, as of June 30, 2018, the number of shares of common stock purchased from us on an as converted to common stock basis, the total consideration paid, or to be paid and the weighted-average price per share paid, or to be paid, by existing stockholders and by new investors in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Weighted-Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders before this offering		%	$	%	$
Investors participating in this offering					
Total		100%	$	100%	

The table above assumes no exercise of the underwriters' option to purchase additional shares in this offering. If the underwriters' option to purchase additional shares is exercised in full, the number of shares of our common stock held by existing stockholders would be reduced to % of the total number of shares of our common stock outstanding after this offering, and the number of shares of common stock held by new investors participating in the offering would be increased to % of the total number of shares outstanding after this offering.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. An increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) the total consideration paid by new investors by $ million, assuming no change in the assumed initial public offering price.

The number of shares of our common stock to be outstanding after this offering is based on the 54,707,857 shares of our common stock outstanding as of June 30, 2018 (including convertible preferred stock on an as-converted basis), and excludes the following:

- 286,750 shares of common stock issuable upon exercise of options to purchase shares of our common stock outstanding as of June 30, 2018, at a weighted-average exercise price of $7.38 per share;

- 2,761,750 shares of common stock issuable upon exercise of options to purchase shares of our common stock that we granted after June 30, 2018, at a weighted-average price of $8.22 per share;
- 4,407,187 shares of common stock issuable upon the conversion of 4,407,187 shares of Series E preferred stock issued in July 2018, with a purchase price of $14.2154 per share, for aggregate gross proceeds of $62.6 million;
- 4,898,000 shares of common stock reserved for future issuance under our 2017 Plan, which shares will be added to the shares to be reserved under our 2019 Plan;
- shares of common stock reserved for future issuance under our 2019 Plan, which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan; and
- shares of common stock reserved for issuance under our 2019 ESPP, which will become effective on the business day immediately prior to the date of effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan.

To the extent that any outstanding options are exercised or new options are issued under the equity benefit plans, or we issue additional shares of common stock or other securities convertible into or exercisable or exchangeable for shares of our capital stock in the future, there will be further dilution to investors participating in this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables summarize our selected consolidated financial data for the periods and as of the dates indicated. We derived our consolidated statement of operations data for the years ended December 31, 2016 and 2017, and the consolidated balance sheet data as of December 31, 2016 and 2017, from our audited consolidated financial statements included elsewhere in this prospectus. We derived the consolidated statement of operations data for the six months ended June 30, 2017 and 2018, and the consolidated balance sheet data as of June 30, 2018, from our unaudited interim condensed consolidated financial statements and related notes included elsewhere in this prospectus. The unaudited interim condensed consolidated financial statements were prepared on the same basis as our audited consolidated financial statements and reflect, in the opinion of management, all adjustments, which include only normal, recurring adjustments that are necessary to present fairly the unaudited interim condensed consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and our interim results are not necessarily indicative of the results to be expected for the full year or any other period. You should read the following selected consolidated financial data in conjunction with our consolidated financial statements and the related notes appearing elsewhere in this prospectus and the information in the section titled "Summary Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
	(In thousands, except share and per share data)		(Unaudited)	
Consolidated Statement of Operations Data:				
Revenue:				
Collaboration revenue	$ —	$ 2,872	$ —	$ 11,860
Grant revenue	416	863	523	169
Total revenue	416	3,735	523	12,029
Operating expenses:				
Research and development	13,674	29,911	11,090	28,542
General and administrative	1,874	6,503	2,214	4,943
Total operating expenses	15,548	36,414	13,304	33,485
Loss from operations	(15,132)	(32,679)	(12,781)	(21,456)
Other income, net	22	199	112	1,898
Net loss	$ (15,110)	$ (32,480)	$ (12,669)	$ (19,558)
Net loss per share, basic and diluted[1]	$ (2.11)	$ (3.55)	$ (1.49)	$ (1.78)
Shares used in computing net loss per common share, basic and diluted[1]	7,173,411	9,142,688	8,497,527	11,008,568
Pro forma net loss per share, basic and diluted (unaudited)[1]		$ (0.72)		$ (0.40)
Shares used in computing pro forma net loss per share, basic and diluted (unaudited)[1]		45,143,891		48,811,762

(1) See Note 10 of the notes to our consolidated financial statements and Note 8 of the notes to our unaudited interim condensed consolidated financial statements included elsewhere in the prospectus for a description of how we compute basic and diluted net loss per share, basic and diluted unaudited pro forma net loss per share, and the number of shares used in the computation of the per share amounts.

	As of December 31,		As of June 30,
	2016	2017	2018
		(In thousands)	(Unaudited)
Consolidated Balance Sheet Data:			
Cash, cash equivalents, and marketable securities	$ 50,838	$ 32,451	$ 268,099
Working capital	49,681	205,571	233,131
Total assets	54,111	236,060	274,883
Deferred revenue	—	202,128	190,268
Total liabilities	1,533	210,608	196,712
Convertible preferred stock	77,485	77,485	147,569
Accumulated deficit	(29,707)	(62,187)	(81,745)
Total stockholders' deficit	(24,907)	(52,033)	(69,398)

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 together with the section entitled "Selected Consolidated Financial Data" and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties, including those described in the section titled "Special Note Regarding Forward Looking Statements." Our actual results and the timing of selected events could differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those set forth under the section titled "Risk Factors" included elsewhere in this prospectus.

Overview

We are a clinical stage biopharmaceutical company pioneering immuno-neurology, a novel therapeutic approach for the treatment of neurodegeneration. Immuno-neurology targets immune dysfunction as a root cause of multiple pathologies that are drivers of degenerative brain disorders. We are developing therapies designed to simultaneously counteract these pathologies by restoring healthy immune function to the brain. Supporting our scientific approach, our Discovery Platform enables us to advance a broad portfolio of product candidates to improve the probability of technical success over shorter development timelines. As a result, in the last five years, we have identified over 40 immune system targets, progressed over 10 programs into preclinical research, and advanced AL001, our first product candidate, into clinical development. We anticipate proof-of-mechanism data for AL001 in the first half of 2019, and we expect to have three additional product candidates in clinical development in 2019.

We were originally formed in May 2013 as a Delaware limited liability company under the name Alector LLC. In October 2017, we completed a reorganization whereby we converted from a Delaware limited liability company to a Delaware corporation under the name Alector, Inc. (the Conversion). In conjunction with the Conversion, (i) all of our outstanding common units converted on a 1-for-1 basis into shares of common stock, par value $0.0001 per share; (ii) all of our outstanding preferred units converted on a 1-for-1 basis into shares of convertible preferred stock, par value $0.0001 per share; and (iii) our 202,924 unvested restricted units converted on a 1-for-1 basis into shares of unvested restricted common stock. Prior to the Conversion, we had issued profit interest units to employees. Our vested profit interest units converted on a net issuance basis into shares of common stock and our unvested profit interest units converted on a net issuance basis into restricted common stock. Fractional shares related to the conversion of profit interest grants were settled in cash. All vesting provisions remained the same following the Conversion.

To date, we have not had any products approved for sale and have not generated any revenue from product sales nor been profitable. Further, we do not expect to generate revenue from product sales until such time, if ever, that we are able to successfully complete the development and obtain marketing approval for one of our product candidates. We will continue to require additional capital to develop our product candidates and fund operations for the foreseeable future. We have incurred net losses in each year since inception and expect to continue to incur net losses for the foreseeable future. Our ability to generate product revenue will depend on the successful development and eventual commercialization of one or more of our product candidates. Our net losses were $15.1 million and $32.5 million for the years ended December 31, 2016 and 2017, respectively, and $12.7 million and $19.6 million for the six months ended June 30, 2017 and 2018, respectively. As of June 30, 2018, we had an accumulated deficit of $81.7 million. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations. We expect our expenses will increase substantially in connection with our ongoing activities, as we:

- advance product candidates through preclinical studies and clinical trials;
- pursue regulatory approval of product candidates;

- hire additional personnel;
- operate as a public company;
- acquire, discover, validate, and develop additional product candidates;
- require the manufacture of supplies for our preclinical studies and clinical trials; and
- obtain, maintain, expand, and protect our intellectual property portfolio.

Our operations have been financed primarily through the issuance and sale of our preferred units and convertible preferred stock and through our collaboration with AbbVie. The issuance and sale of our preferred units and convertible preferred stock provided net proceeds of $147.6 million through June 30, 2018.

Components of Results of Operations

Revenue

We have not generated any revenue from product sales and do not expect to do so in the near future. Our revenue to date has been primarily related to our research and development grant from the U.S. government and the AbbVie Agreement to co-develop product candidates in two programs in clinical development with AbbVie. We recognize revenue related to our research and development grant as the related research services are performed. We recognize revenue from the upfront payments under the AbbVie Agreement over time as the services are provided. Revenues are recognized as the program costs are incurred by measuring actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligation. In addition to receiving the upfront payments, we may also be entitled to development and regulatory milestone payments, opt-in payments for continued development after proof-of-concept for AL002 and AL003, and other future payments from profit sharing or royalties after commercialization of product candidates from such programs. For additional details regarding the AbbVie Agreement, see the section titled “Business— Strategic Alliance with AbbVie.”

We expect that our revenue for the next several years will be derived primarily from the AbbVie Agreement. We recorded deferred revenue of $190.3 million as of June 30, 2018. The deferred revenue is expected to be recognized over the research and development period of the programs through the completion of proof-of-concept for AL002 and AL003.

Research and Development Expenses

Research and development expenses account for a significant portion of our operating expenses. We record research and development expenses as incurred. Research and development expenses consist primarily of costs incurred for the discovery and development of our product candidates, which include:

- expenses incurred under agreements with third-party contract organizations, preclinical testing organizations, and consultants;
- costs related to production of clinical materials, including fees paid to contract manufacturers;
- laboratory and vendor expenses related to the execution of preclinical and clinical trials;
- personnel-related expenses, including salaries, benefits, and stock-based compensation for personnel engaged in research and development functions;
- costs related to the preparation of regulatory submissions;
- third-party license fees; and
- facilities and other expenses, which include expenses for rent and maintenance of facilities, depreciation and amortization expense, and other supplies.

We expense all research and development costs in the periods in which they are incurred. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors, collaborators, and third-party service providers. Nonrefundable advance payments for goods or services to be received in future periods for use in research and development activities are deferred and capitalized. The capitalized amounts are then expensed as the related goods are delivered and as services are performed.

Specific program expenses include expenses associated with the development of our most advanced product candidate, AL001, which is in Phase 1 clinical trials. We also have expenses related to the discovery and development of future product candidates and separately tracked expenses related to programs that we expect to move out of preclinical trials and into Phase 1 clinical trials. We do not track personnel or other operating expenses incurred for our research and development programs on a program-specific basis. These expenses primarily relate to salaries and benefits, stock-based compensation, facility expenses, including depreciation, and lab consumables.

At this time, we cannot reasonably estimate or know the nature, timing, and estimated costs of the efforts that will be necessary to complete the development of, and obtain regulatory approval for, any of our product candidates. We expect our research and development expenses to increase substantially for the foreseeable future as we continue to invest in research and development activities related to developing our product candidates, as our product candidates advance into later stages of development, as we begin to conduct larger clinical trials, as we seek regulatory approvals for any product candidates that successfully complete clinical trials, and incur expenses associated with hiring additional personnel to support our research and development efforts. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of our product candidates is highly uncertain.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs, including stock-based compensation, for our personnel in executive, legal, finance and accounting, human resources, and other administrative functions. General and administrative expenses also include legal fees relating to intellectual property and corporate matters, professional fees paid for accounting, auditing, consulting, and tax services, insurance costs, and facility costs not otherwise included in research and development expenses.

We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our continued research activities and development of our programs. We also anticipate that we will incur increased expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC and those of any national securities exchange on which our securities are traded, legal, auditing, additional insurance expenses, investor relations activities, and other administrative and professional services.

Other Income, Net

Other income, net consists of interest earned on our cash equivalents and marketable securities and foreign currency transaction gains and losses incurred during the period.

Results of Operations

Comparison of the Six Months Ended June 30, 2017 and 2018

	Six Months Ended June 30,		Dollar Change
	2017	2018	
	(In thousands) (Unaudited)		
Revenue:			
Collaboration revenue	$ —	$ 11,860	$11,860
Grant revenue	523	169	(354)
Total revenue	523	12,029	11,506
Operating expenses:			
Research and development	11,090	28,542	17,452
General and administrative	2,214	4,943	2,729
Total operating expenses	13,304	33,485	20,181
Loss from operations	(12,781)	(21,456)	(8,675)
Other income, net	112	1,898	1,786
Net loss	$(12,669)	$ (19,558)	$ (6,889)

Revenue

Total revenue was $0.5 million for the six months ended June 30, 2017, compared to $12.0 million for the six months ended June 30, 2018. The increase of $11.5 million was primarily due to collaboration revenue recognized from the upfront payments under the AbbVie Agreement, which was entered into in the fourth quarter of 2017, offset by a $0.4 million reduction related to grant revenue from the U.S. government.

Research and Development Expenses

Research and development expenses were $11.1 million for the six months ended June 30, 2017, compared to $28.5 million for the six months ended June 30, 2018. The increase of $17.5 million was driven by an increase in expenses for four product candidates that we are preparing for or have entered into Phase 1 clinical trials and related increase in activities for the manufacturing of clinical materials, including $3.8 million for AL001, $5.1 million for AL002, and $3.8 million for AL003. In addition, we had an increase in research and development expenses of $3.7 million related to other preclinical programs currently in development. Personnel-related expenses, including stock-based compensation, increased by $0.3 million due to an increase in headcount, offset by large number of restricted stock awards held by a non-employee founder that fully vested in the third quarter of 2017, which had no related expense in 2018.

	Six Months Ended June 30,		Dollar Change
	2017	2018	
	(In thousands) (Unaudited)		
Direct research and development expenses			
AL001	$ 824	$ 4,648	$ 3,824
AL101	—	493	493
AL002	1,149	6,277	5,128
AL003	1,123	4,937	3,814
Other early stage programs	2,264	5,928	3,664
Indirect research and development expenses			
Personnel related (including stock-based compensation)	4,496	4,817	321
Facilities and other unallocated research and development expenses	1,234	1,442	208
Total research and development expenses	$11,090	$28,542	$17,452

General and Administrative Expenses

General and administrative expenses were $2.2 million for the six months ended June 30, 2017, compared to $4.9 million for the six months ended June 30, 2018. The increase of $2.7 million was primarily due to a $1.7 million increase in personnel-related expenses, including stock-based compensation, as a result of an increase in headcount. The increase is also due to a $0.5 million increase in consulting expense to support the growth of the business related to information technology, human resources, and other administrative functions and a $0.4 million increase in legal fees due mainly to increase in expenses related to expanding and protecting our patent portfolio.

Other Income, Net

Other income, net was $0.1 million for the six months ended June 30, 2017, compared to $1.9 million for the six months ended June 30, 2018. The increase of $1.8 million was due to interest income earned after we invested the majority of the $205.0 million upfront payments from the AbbVie Agreement and the proceeds from our issuance and sale in April 2018 of 4,941,825 shares of our Series E convertible preferred stock into short-term marketable securities.

Comparison of the Years Ended December 31, 2016 and 2017

	Year Ended December 31,		Dollar Change
	2016	2017	
	(In thousands)		
Revenue:			
Collaboration revenue	$ —	$ 2,872	$ 2,872
Grant revenue	416	863	447
Total revenue	416	3,735	3,319
Operating expenses:			
Research and development	13,674	29,911	16,237
General and administrative	1,874	6,503	4,629
Total operating expenses	15,548	36,414	20,866
Loss from operations	(15,132)	(32,679)	(17,547)
Other income, net	22	199	177
Net loss	$(15,110)	$(32,480)	$(17,370)

Revenue

Total revenue was $0.4 million for the year ended December 31, 2016, compared to $3.7 million for the year ended December 31, 2017. The increase of $3.3 million was primarily due to collaboration revenue recognized from the upfront payment under the AbbVie Agreement. In addition, we received grant revenue from the U.S. government starting in the second quarter of 2016 compared to a full year of grant revenue in 2017.

Research and Development Expenses

Research and development expenses were $13.7 million for the year ended December 31, 2016, compared to $29.9 million for the year ended December 31, 2017. The increase of $16.2 million was driven by an increase in expenses for four product candidates that we are preparing for or have entered into Phase 1 clinical trials and related increase in activities for the manufacturing of clinical materials, including $2.6 million for AL001, $0.8 million for AL002, and $0.6 million for AL003. Prior to 2017, the costs for AL002 and AL003 were tracked

as a single program. In addition, we had an increase in research and development expenses of $5.2 million related to other preclinical programs. Personnel-related expenses, including stock-based compensation, increased by $5.6 million due to an increase in headcount. Facilities and other unallocated research and development expenses increased by $1.5 million due to our move into new office headquarters at the end of 2016 and depreciation expense related to the purchase of additional property and equipment for use in our new office headquarters.

	Year Ended December 31,		Dollar Change
	2016	2017	
	(In thousands)		
Direct research and development expenses			
AL001	$ 1,358	$ 3,942	$ 2,584
AL002	2,347	3,098	751
AL003	2,347	2,934	587
Other early stage programs	2,524	7,729	5,205
Indirect research and development expenses			
Personnel related (including stock-based compensation)	4,128	9,691	5,563
Facilities and other unallocated research and development expenses	970	2,517	1,547
Total research and development expenses	$13,674	$29,911	$16,237

General and Administrative Expenses

General and administrative expenses were $1.9 million for the year ended December 31, 2016, compared to $6.5 million for the year ended December 31, 2017. The increase of $4.6 million was primarily due to a $2.4 million increase in legal and accounting professional service fees related to the Conversion, AbbVie Agreement, and the growth in our operations, a $1.8 million increase in personnel-related expenses, including stock-based compensation, due to the increase in headcount, and a $0.3 million increase in consulting expense to support our information technology, human resources, and other administrative functions.

Other Income, Net

Other income, net was $22,000 for the year ended December 31, 2016, compared to $0.2 million for the year ended December 31, 2017. The increase of $0.2 million was due to interest income earned on investments made from the proceeds of our Series D convertible preferred stock financing, in the fourth quarter of 2016.

Liquidity and Capital Resources

Since our inception through June 30, 2018, our operations have been financed primarily by net proceeds of $147.6 million from sales of our preferred units and convertible preferred stock and through the $205.0 million in upfront payments from the AbbVie Agreement. As of June 30, 2018, we had $268.1 million of cash, cash equivalents, and marketable securities. As of June 30, 2018, we had an accumulated deficit of $81.7 million.

In July 2018, we issued an additional 4,407,187 shares of Series E convertible preferred stock at a price of $14.2154 per share for aggregate gross proceeds of $62.6 million.

Future Funding Requirements

Our primary uses of cash are to fund our operations, which consist primarily of research and development expenditures related to our programs, and to a lesser extent, general and administrative expenditures. We expect our expenses to continue to increase in connection with our ongoing activities, in particular as we continue to advance our product candidates and our discovery programs. In addition, upon the completion of this offering, we expect to incur additional costs associated with operating as a public company.

Based on our current operating plan, we believe that our existing cash, cash equivalents, and marketable securities will enable us to fund our operating expenses and capital expenditure requirements through at least the next 12 months from the date of this offering. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We may also choose to seek additional financing opportunistically. We expect to need to obtain substantial additional funding in the future for our research and development activities and continuing operations. If we were unable to raise capital when needed or on favorable terms, we would be forced to delay, reduce, or eliminate our research and development programs or future commercialization efforts.

Our future capital requirements will depend on many factors, including:

- the timing and progress of preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs we decide to pursue;
- successful enrollment in and completion of clinical trials;
- our ability to establish agreements with third-party manufacturers for clinical supply for our clinical trials and, if our product candidates are approved, commercial manufacturing;
- our ability to maintain our current research and development programs and establish new research and development programs;
- addition and retention of key research and development personnel;
- our efforts to enhance operational, financial, and information management systems, and hire additional personnel, including personnel to support development of our product candidates;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter and performing our obligations in such collaborations;
- the timing and amount of milestone and other payments we may receive under our collaboration arrangements;
- our eventual commercialization plans for our product candidates;
- the costs involved in prosecuting, defending, and enforcing patent claims and other intellectual property claims; and
- the costs and timing of regulatory approvals.

A change in the outcome of any of these or other variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate. Furthermore, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Cash Flows

The following table summarizes our cash flows for the periods indicated (in thousands):

	Year Ended December 31,		Six Months Ended June 30,	
	2016	2017	2017	2018
			(Unaudited)	
Cash provided by (used in) operating activities	$(12,993)	$(17,771)	$(8,818)	$ 167,477
Cash used in investing activities	(2,250)	(801)	(544)	(219,638)
Cash provided by (used in) financing activities	(77)	(15)	—	70,092

Operating Activities

For the six months ended June 30, 2018, cash provided by operating activities was $167.5 million. The net cash inflow from operations primarily resulted from the receipt of a $200 million upfront payment from AbbVie, in January 2018, that was reflected as an increase in deferred revenue during the period. This was partially offset by net loss of $19.6 million.

For the six months ended June 30, 2017, cash used in operating activities was $8.8 million. The net cash outflow from operations primarily resulted from our net loss of $12.7 million offset by a non-cash charge of $2.3 million for stock-based compensation and an increase in our net operating assets and liabilities of $1.3 million. The increase in net operating assets and liabilities was primarily due to the $1.3 million increase in accounts payables, accrued liabilities, and accrued clinical supply costs caused by the growth of our business as well as timing of payments.

For the year ended December 31, 2017, cash used in operating activities was $17.8 million. The net cash outflow from operations primarily resulted from our net loss of $32.5 million offset by a non-cash charge of $6.0 million and an increase in net operating assets and liabilities of $8.7 million. The non-cash charge consisted primarily of $5.4 million for stock-based compensation. The increase in net operating assets and liabilities of $8.7 million was primarily due to the $6.7 million increase in accrued liabilities and accrued clinical supply costs from growth of our business and commencement of manufacturing activities in 2017 and $2.1 million increase in deferred revenue from receiving an upfront payment of $5.0 million in October 2017 from our collaboration with AbbVie offset by the revenue recognized.

For the year ended December 31, 2016, cash used in operating activities was $13.0 million. The net cash outflow from operations primarily resulted from our net loss of $15.1 million offset by a non-cash charge of $2.0 million for stock-based compensation. Net operating assets and liabilities did not change significantly during the period due to offsetting small increases and decreases in the operating accounts.

Investing Activities

For the six months ended June 30, 2018, cash used in investing activities of $219.6 million was primarily related to the purchase of short-term marketable securities of $268.3 million offset by the proceeds from maturities of marketable securities of $50.0 million. In addition, we used cash for the purchase of $1.3 million of property and equipment.

For the six months ended June 30, 2017, cash used in investing activities of $0.5 million was related to the purchase of property and equipment.

For the years ended December 31, 2016 and 2017, cash used in investing activities of $2.3 million and $0.8 million, respectively, was related to the purchase of property and equipment.

Financing Activities

For the six months ended June 30, 2018, cash provided by financing activities of $70.1 million was from the net proceeds of the issuance of 4,941,825 shares of our Series E convertible preferred stock in April 2018.

For the year ended December 31, 2017, cash used in financing activities was less than $0.1 million for payments of issuance costs for our Series E convertible preferred stock.

For the year ended December 31, 2016, cash used in financing activities was $0.1 million for payments of issuance costs for our Series D convertible preferred units, which subsequently converted into convertible preferred stock.

Contractual Obligations and Other Commitments

The following table summarizes our commitments and contractual obligations as of June 30, 2018 (in thousands):

	Payments Due by Period				
Contractual Obligations:	**Less Than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More Than 5 Years**	**Total**
Operating lease obligations	$ 1,789	$12,415	$14,393	$ 46,866	$75,463

In June 2018, we signed a lease agreement to lease approximately 105,000 square feet in a new office in South San Francisco at a cost of approximately $73.9 million over a ten-year term. This will serve as the location of our new headquarters when the lease for our current headquarters location ends in April 2019.

Pursuant to our license agreement with Adimab, we have obligations to make future milestone and royalty payments. We will owe up to $3.5 million in milestone payments per program to Adimab for our product candidates. We will also owe low- to mid- single-digit royalty payments for commercial sales of such product candidates. Due to the contingent nature of the milestone and royalty payments, they are not included in the table above.

We have also entered into development and manufacturing services agreements with multiple contract manufacturers for the development and manufacture of biologic products, the amount and timing of which may vary based on the timing of services.

Off-Balance Sheet Arrangements

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

Critical Accounting Polices and Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions and any such differences may be material. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, *Revenue from Contracts with Customers* (ASC 606). This new standard replaces most of the existing revenue recognition guidance in U.S. GAAP. We have early adopted the new standard using the full retrospective method as of January 1, 2017. Prior to January 1, 2017, our revenues were derived from a government grant. The adoption of ASC 606 did not affect our accounting for our government grant. Under ASC 606, an entity recognizes revenue when control of promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under arrangements, we perform the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligation.

Collaboration Revenue

We signed the AbbVie Agreement to co-develop antibodies to two program targets in preclinical development. Under the terms of the AbbVie Agreement, AbbVie made $205.0 million in upfront payments, of which $5.0 million and $200.0 million was received by us in October 2017 and January 2018, respectively. We will perform research and development services for the antibodies in the two programs through the end of Phase 2 clinical trials. AbbVie will then have the exclusive right to exercise an option to enter into a license and collaboration agreement with us for one or both programs. If AbbVie exercises its option for a program, AbbVie will take over the development of the product candidates for such program and costs will be split between the parties. We will also share in profits and losses upon commercialization of any products from such program. However, following AbbVie's exercise of its option for a program, we may opt out of sharing in development costs and profits or losses for that program and instead receive a tiered royalty. Additionally, under the terms of the AbbVie Agreement, if AbbVie exercises both of its options, and both programs meet all milestones, we are eligible to earn up to an additional $985.6 million in milestone payments and option-exercise fees. We assessed the AbbVie Agreement in accordance with ASC 606 and concluded that AbbVie is a customer.

We have determined that there are two research and development performance obligations as part of the agreement with AbbVie, one research and development performance obligation for each of the two programs. The non-refundable upfront cash payment of $5.0 million and $200.0 million received in October 2017 and January 2018, respectively, was included in the transaction price. None of the remaining development and regulatory milestone and program opt-in payment amounts have been included in the transaction price, as all these amounts were fully constrained as of December 31, 2017. As part of our evaluation of the constraint, we considered numerous factors, including that receipt of the milestone amounts is outside of our control and contingent upon success in future clinical trials. Any consideration related to royalties on net product sales will be recognized when the related sales occur and therefore have also been excluded from the transaction price. We will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

We recognize collaboration revenue by measuring the progress toward complete satisfaction of the performance obligation using an input measure. In order to recognize revenue over the research and development period, we measure actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligation. Revenues are recognized as the program costs are incurred. We will re-evaluate the estimate of expected costs to satisfy the performance obligation each reporting period and make adjustments for any significant changes. We recorded deferred revenue of $190.3 million as of June 30, 2018. The deferred revenue is expected to be recognized over the research and development period of the programs through the completion of Phase 2 clinical trials.

Accrued Research and Development Expenses

We record accrued expenses for estimated preclinical study and clinical trial expenses. Estimates are based on the services performed pursuant to contracts with research institutions, contract research organizations in connection with clinical studies, investigative sites in connection with clinical studies, vendors in connection with preclinical development activities, and contract manufacturing organizations in connection with the production of materials for clinical trials. Further, we accrue expenses related to clinical trials based on the level of patient enrollment and activity according to the related agreement. We monitor patient enrollment levels and related activity to the extent reasonably possible and make judgments and estimates in determining the accrued balance in each reporting period. If we underestimate or overestimate the level of services performed or the costs of these services, our actual expenses could differ from our estimates. To date, we have not experienced significant changes in our estimates of preclinical studies and clinical trial accruals.

Stock-based Compensation

Stock-based compensation is measured at the date of grant, based on the estimated fair value of the award and recognized as an expense over the employee's requisite service period (usually the vesting period) on a

straight-line basis. We estimate the grant date fair value, and the resulting stock-based compensation, using the Black-Scholes option-pricing model.

We account for stock-based compensation arrangements with non-employees using a fair value approach. The fair value of these options is measured using the Black-Scholes option-pricing model reflecting the same assumptions as applied to employee options in each of the reported periods, other than the expected life, which is assumed to be the remaining contractual life of the option. The compensation expense for these arrangements is subject to remeasurement over the vesting term as earned. We adjust for actual forfeitures as they occur for both employees and nonemployees.

We recorded stock-based compensation of $2.0 million and $5.4 million for the years ended December 31, 2016 and 2017, respectively, and $2.3 million and $2.3 million for the six months ended June 30, 2017 and 2018, respectively. As of June 30, 2018, we had $9.9 million of unrecognized stock-based compensation related to unvested restricted common stock to employees, which we expect to recognize over a weighted-average period of 3.1 years, and $1.2 million of unrecognized stock-based compensation related to unvested stock options to employees, which we expect to recognize over a remaining weighted-average period of 3.7 years.

The Black-Scholes option-pricing model requires the use of highly subjective assumptions which determine the fair value of stock-based awards. These assumptions include:

Expected Term—The expected term represents the period that stock-based awards are expected to be outstanding. Our profit interest units did not have a contractual term. However, we estimated a constructive maturity of the profit interest units based on the expected exit or liquidity scenarios for Alector. Our historical share option exercise is limited due to a lack of sufficient data points and did not provide a reasonable basis upon which to estimate an expected term. The expected term for stock options was derived by using the simplified method which uses the midpoint between the average vesting term and the contractual expiration period of the stock-based award. The expected term for options issued to nonemployees is the contractual term.

Expected Volatility—We have limited information on the volatility of our stock as shares of our common stock are not actively traded on any public markets. The expected volatility was derived from the historical stock volatilities of comparable peer public companies within our industry.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the measurement date with maturities approximately equal to the expected term.

Expected Dividend—The expected dividend rate is zero because we have not historically paid and do not expect for the foreseeable future to pay a dividend on our common stock.

Prior to the Conversion of Alector LLC into Alector, Inc., Alector LLC had issued profit interest units to employees. The profit interest units had a “strike price” and are economically similar to a stock option with an exercise price. In the event of a distribution by Alector LLC, the proceeds distributed to the holder would be reduced by the strike price. The strike price was established pursuant to the terms of the Alector LLC operating agreement. For accounting purposes, we measured the fair value of the profit units based on valuations of our common stock prepared by an unrelated third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*, and the application of the Black-Scholes option-pricing model.

Our vested profit interest units converted on a net issuance basis into shares of common stock and the unvested profit interest units converted on a net issuance basis into restricted common stock. All vesting provisions remained the same following the Conversion. We continue to record stock-based compensation for the restricted stock over the vesting period based on the grant-date fair value.

After the conversion, the fair values of the shares of common stock underlying our stock-based awards were estimated on each grant date by our board of directors. In order to determine the fair value of our common stock, our board of directors considered, among other things, contemporaneous valuations of our common stock prepared by an unrelated third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants Practice Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation*.

For our valuations performed prior to December 31, 2017, we used the OPM backsolve method. In an option pricing method (OPM) framework, the backsolve method for inferring the equity value implied by a recent financing transaction involves making assumptions for the expected time to liquidity, volatility, and risk-free rate and then solving for the value of equity such that value for the most recent financing equals the amount paid. This method was selected as management concluded that the contemporaneous financing transaction was an arm's-length transaction. We performed a valuation contemporaneously with the issuance of our Series D preferred units in December 2015. We also performed a valuation contemporaneously with our Conversion in October 2017 based on term sheets for an anticipated Series E preferred stock financing. As of these valuation dates, we were at an early stage of development and future liquidity events were difficult to forecast.

For our valuations performed starting April 2018, equity value was allocated using the OPM and the Probability Weighted Expected Return Method (PWERM) or the hybrid method. The hybrid method applied the PWERM utilizing the probability of going public and the OPM was utilized in the remaining private scenario. The hybrid method was used commencing April 2018, because of a near-term potential IPO scenario that also factored in the inherent uncertainty associated with being able to complete an IPO. We performed valuations contemporaneously with the April 2018 and July 2018 issuances of our Series E preferred stock.

Given the absence of a public trading market for our common stock, our board of directors exercised reasonable judgment and considered a number of objective and subjective factors to determine the best estimate of the fair value of our common stock, including our stage of development, progress of our research and development efforts, the rights, preferences and privileges of our convertible preferred stock relative to those of our common stock, equity market conditions affecting comparable public companies, and the lack of marketability of our common stock.

For valuations after the completion of this offering, our board of directors will determine the fair value of each share of underlying common stock based on the closing price of our common stock as reported on the date of grant.

The intrinsic value of stock options and restricted common stock outstanding as of , was $ million based on the estimated fair value of our common stock of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, of which $ million related to vested stock options, $ million related to unvested stock options and $ million related to restricted common stock.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. The primary objective of our investment activities is to preserve capital to fund our operations. We also seek to maximize income from our investments without assuming significant risk. To achieve our objectives, we maintain a portfolio of investments in a variety of securities of high credit quality and short-term duration, invested in compliance with our policy.

We had cash, cash equivalents, and marketable securities of $32.5 million and $268.1 million as of December 31, 2017 and June 30, 2018, respectively, which consisted primarily of bank deposits, money market funds, and short-term government marketable securities. Such interest-earning instruments carry a degree of interest rate risk; however, historical fluctuations in interest income have not been significant for us. Due to the

short-term maturities of our cash equivalents and marketable securities, and the low risk profile of our marketable securities, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents and marketable securities.

Foreign Currency Risk

Our expenses are generally denominated in U.S. dollars. However, we have entered into a limited number of contracts with vendors for research and development services with payments denominated in foreign currencies, including the Euro. We are subject to foreign currency transaction gains or losses on our contracts denominated in foreign currencies. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we have not had a formal hedging program with respect to foreign currency. A 10% increase or decrease in current exchange rates would not have a material effect on our financial results.

JOBS Act

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

We will remain an emerging growth company until the earliest of (i) the last day of our first fiscal year in which we have total annual gross revenues of $1.07 billion or more, (ii) the date on which we are deemed to be a “large accelerated filer” under the rules of the SEC with at least $700.0 million of outstanding equity securities held by non-affiliates, (iii) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the previous three years, or (iv) the last day of our fiscal year following the fifth anniversary of the date of the completion of this offering.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (ASU 2016-02). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. We will adopt ASU 2016-02 effective January 1, 2019. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* (ASU 2018-11). In issuing ASU 2018-11, the FASB is permitting another transition method for ASU 2016-02, which allows the transition to the new lease standard by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. We are currently in the process of evaluating the impact the adoption of this new standard on our financial statements and related disclosures. We expect that the adoption of this standard will result in the recognition of a right-of-use asset for leased facilities and recognition of a liability for the lease payments remaining on the lease. These changes will be reflected on the consolidated balance sheets. We do not expect a material change to the consolidated statement of operations and comprehensive loss or cash flows.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*. The new standard simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The new standard is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than a company’s adoption date of ASC 606. We are currently assessing the impact of this standard on its financial statements and related disclosures.

A LETTER FROM ARNON

Prospective Alector co-owner,

At Alector, we do not view diseases of aging as immutable facts. We are on a mission to slow down their progression and prevent their occurrence. We envision a world where every individual retains his or her full brain function and cognitive faculties throughout life—a world where dementia and neurodegeneration are illnesses of the past just as smallpox, diphtheria, rubella, and polio have become.

Since the early 20th century, the root cause of neurodegeneration has been considered to be misfolded proteins such as amyloid-beta plaques and TAU tangles in Alzheimer's disease, alpha-synuclein in Parkinson's disease and TDP-43 in FTD and amyotrophic lateral sclerosis. Other pathologies that typify neurodegeneration, including the dysfunction and destruction of neuronal connections, the accelerated death of nerve cells, and the dysfunction of the brain support cells, were thought to be consequences of these misfolded proteins.

Since our founding five years ago, we have challenged this widely held belief. We made the case that multiple pathologies that typify neurodegeneration become autonomous of each other at early disease stages, and for therapeutic purposes, these pathologies should be viewed as independent causes of the disorder. With this understanding, we searched for an underlying biological process that these pathologies share. Discoveries on the genetic underpinning of neurodegeneration and on the functions of the brain immune system led us to conclude that these parallel pathologies are primarily caused by a dysfunctional brain immune system.

The specific scientific advances that enabled our conclusion were: (1) the identification of harmful genetic mutations that increase the risk of developing Alzheimer's disease; (2) the revelation that the majority of these mutations are in proteins that regulate the brain immune system; and (3) the findings that the immune cells in the brain are responsible for a myriad of functions, which include compacting and disposing of misfolded proteins, the formation, maintenance and function of neuronal connections, and the survival and function of the brain's support cells and neurons.

Since most neurodegenerative diseases are diseases of aging, we postulated that the brain immune cells lose their competence with time and are no longer able to support normal brain function or to repair avoidable brain pathologies. In futile attempts to act, the senescing immune cells may further exacerbate the disease by secreting toxic immune mediators and by indiscriminate scavenging.

With this understanding, we devoted the last five years to the development of novel therapeutics that harness the brain's immune system to treat neurodegeneration. We have advanced one of our product candidates into clinical trials and plan to test the impact of a total of four of our product candidates in patients suffering from Alzheimer's disease and FTD in 2019.

I have invested much of my 35 years in the biotech industry into building teams that develop innovative therapeutics in neuroscience. During my 16 years with Genentech, I built a team that discovered multiple neuronal survival factors and receptors in order to prevent degenerative nerve cell death. As the Founder, President, and Chief Science Officer of Rinat Neuroscience, my team and I discovered clinical antibodies designed to target misfolded proteins. As the Co-Founder and Chief Executive Officer of Annexon Biosciences, my team and I developed clinical antibodies that prevent destruction of neuronal connections. I am a named inventor on over 350 issued patents and patent applications and am an author on over 100 peer reviewed

publications. My teams and I discovered the target for the approved cancer drug, Erivedge, and were responsible for the development of the pain drug candidate, tanezumab, and the approved migraine antibody drug, AJOVY. Our work at Alector is based upon our understanding of the basic biology of degenerative brain disorders and how to translate this understanding into effective therapeutics.

The World Health Organization estimates that up to 1 billion people are affected by neurological disorders. There are currently over 50 million people with neurodegeneration worldwide, with over 10 million new cases every year. The Alzheimer's Association projected that the cumulative total cost of Medicare and Medicaid for individuals living with Alzheimer's disease will total $750 billion by 2050 in the United States alone, an increase of over 300% from projected 2018 spending levels.

Degenerative brain disorders are among the last medical frontiers that have yet to be conquered. If we are successful in our mission to treat neurodegeneration, Alector will have a profound social and economic impact on humanity. We invite you to join us and become a partner in this impactful venture.

Best Regards,
Arnon Rosenthal, Ph.D.
Co-Founder and Chief Executive Officer

BUSINESS

Overview

Our mission is to develop therapies that empower the immune system to cure neurodegeneration.

We are a clinical stage biopharmaceutical company pioneering immuno-neurology, a novel therapeutic approach for the treatment of neurodegeneration. Immuno-neurology targets immune dysfunction as a root cause of multiple pathologies that are drivers of degenerative brain disorders. We are developing therapies designed to simultaneously counteract these pathologies by restoring healthy immune function to the brain. Supporting our scientific approach, our Discovery Platform enables us to advance a broad portfolio of product candidates to improve the probability of technical success over shorter development timelines. As a result, in the last five years, we have identified over 40 immune system targets, progressed over 10 programs into preclinical research, and advanced AL001, our first product candidate, into clinical development. We anticipate proof-of-mechanism data for AL001 in the first half of 2019, and we expect to have three additional product candidates in clinical development in 2019.

Our Discovery Platform leverages large scale human genetic datasets, advanced tools in bioinformatics and imaging, and insights into neurodegeneration and immunology to identify immune system targets that play a critical role in the development of multiple neurodegenerative diseases. Our Discovery Platform focuses on:

- ***Target Selection.*** We identify genetic mutations in the brain's immune system that we believe are the root cause of neurodegeneration, employ a suite of genetic tools to elucidate the immune dysfunction caused by these mutations, and then engineer immune modulating antibodies to counteract the harmful consequences of these genetic mutations.
- ***Biomarker Selection.*** We are able to identify and employ molecular biomarkers, assays, and precise imaging techniques to confirm target engagement and measure the impact of our product candidates, allowing us to obtain meaningful indications of efficacy earlier than would otherwise be expected using traditional clinical measures.
- ***Patient Selection.*** We utilize genetic screening and biomarkers to better align a patient's specific diagnosis with the targeted intervention in each of our clinical studies.

Our immuno-neurology approach and our Discovery Platform are designed to broadly address multiple neurodegenerative disorders. The breadth of our opportunity is reinforced by our ability to engineer therapeutics capable of modulating a broad array of immune targets across multiple mechanisms of action, including product candidates that activate, block, inhibit, or down-regulate a given target as therapeutically needed. Our intellectual property portfolio covers over 25 patent families, consisting of one approved patent and over 100 pending patent applications directed to over 15 different targets and technologies.

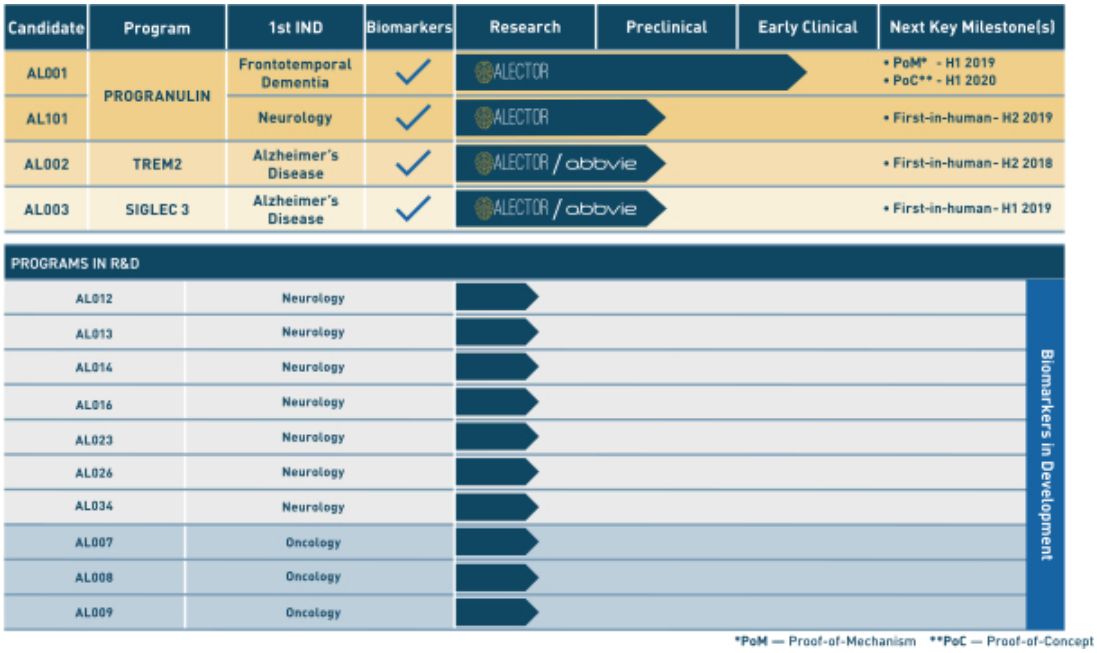


Figure 1. The above tables highlight our clinical and research programs.

Our first program modulates PGRN, a regulator of immune activity in the brain with genetic links to multiple neurodegenerative disorders, including FTD, Alzheimer's disease, and Parkinson's disease. AL001, our first PGRN product candidate in clinical development, is designed to treat FTD, a severe, rapidly progressing neurodegenerative disorder that affects approximately 170,000 individuals in the United States and the European Union alone, with expected prevalence of 15 to 22 per 100,000 in Asia and Latin America. In July 2018, AL001 received orphan drug designation from the FDA for the treatment of FTD. AL001 entered the clinic in the third quarter of 2018 aimed at treating FTD-GRN. We anticipate proof-of-mechanism data for AL001 in the first half of 2019. We also anticipate initiating a Phase 1 clinical trial in an additional genetic subset of FTD patients (FTD-C9orf72) in 2019 and initiating a Phase 1 clinical trial in the broader FTD population following proof-of-concept data in FTD-GRN. We are also advancing a second PGRN product candidate, AL101, which has different pharmacokinetic and pharmacodynamic characteristics than AL001, and is expected to have utility in a broader set of indications, such as Alzheimer's disease and Parkinson's disease. We own worldwide rights to AL001 and AL101.

Our next development programs focus on modulating check-point receptors on the brain's immune cells, Triggering Receptor Expressed on Myeloid cells 2 (TREM2) and sialic acid binding Ig-like lectin 3 (SIGLEC 3), with strong genetic links to Alzheimer's disease. We are advancing AL002 and AL003 for the treatment of Alzheimer's disease. We have partnered with AbbVie, a leader in neuroscience drug development, for the global development and potential commercialization of AL002 and AL003. We are responsible for execution of the Phase 1 and Phase 2 studies. If AbbVie exercises its option for a program, AbbVie will be responsible for executing certain development activities and global commercialization of AL002 and AL003. As part of this partnership, we received $205.0 million in upfront payments, $20.0 million from the sale of shares of our preferred stock and are eligible for up to an additional $985.6 million in option exercise and milestone payments and a global profit share upon commercialization.

The Immune System is Central to Neurodegeneration

The loss of healthy immune function in the brain, due to cellular aging or mutations of genes that regulate key immune cells, underlies the onset and progression of multiple neurodegenerative disorders. Genomic analyses have shown that there is a strong correlation between genetic mutations that predispose individuals to neurodegeneration and dysfunction in the immune system. For example, 22 of the top 25 risk genes identified by evaluating large-scale data on tens of thousands of Alzheimer's disease patients regulate immune function in the brain. As a result of these genetic mutations, the brain's immune function deteriorates and subsequently would fail to carry out critical activities, which include:

- clearing or counteracting pathological neurodegenerative proteins such as amyloid-beta, TAU, alpha-synuclein, and TDP-43;
- providing metabolic and functional support to nerve cells;
- inducing and maintaining synaptic connections;
- protecting nerve cells by stimulating the regeneration of myelin sheaths around nerve fibers; and
- controlling the neurotoxic activities of activated astrocytes and rogue microglia.

We believe that restoring the immune system's ability to perform all of these vital functions in the brain is crucial to addressing neurodegeneration given that past approaches focusing on single degenerative pathologies have proved inadequate to date.

Since the early 20th century, the root cause of neurodegeneration has been thought to be misfolded and aggregated pathological proteins. Other observable pathologies, including destruction of synapses, accelerated nerve cell death, and dysfunction of the brain support cells, were all thought to be consequences of these pathological misfolded proteins. As a result, attempts to develop therapies for neurodegeneration have been centered on blocking the synthesis of, and removing or dis-aggregating misfolded proteins. These attempts have been largely unsuccessful, as the disease continues to progress despite significant clearance of the misfolded protein. We believe that the multiple pathologies found in degenerative brain disorders become independent of the misfolded proteins, and each other, at early disease stages and are driven primarily by dysfunction of the brain's immune system.

Specifically, the brain's immune system undergoes gradual deterioration of functional characteristics as part of normal biological aging or due to harmful genetic mutations that are linked to neurodegeneration and are associated with accelerated senescence of the brain immune cells. These cells are no longer capable of executing their beneficial and protective roles and instead often become harmful and destructive to the brain. Based on our understanding of the role of genetic mutations in neurodegeneration, we have designed our product candidates to target the mutated genes linked to neurodegeneration, with the goal of slowing or reversing the deterioration of the brain's immune cells to achieve therapeutic benefit. By restoring healthy immune function in the brain, we believe we can simultaneously counteract the multiple independent pathologies responsible for neurodegeneration.

Our Team

Our team is led by seasoned executives with a proven track record of drug discovery and development in neuroscience, as well as substantial operational and business expertise. Our Co-Founder and Chief Executive Officer, Arnon Rosenthal, Ph.D., has spent over 35 years developing therapeutics in neuroscience and led teams responsible for the development of the non-addictive pain drug tanezumab and the migraine drug AJOVY, and multiple other programs in clinical development. He also held several leadership roles over a 16-year career at Genentech, where he led the team that discovered the target for the cancer drug Erivedge. Our Chief Medical Officer, Robert Paul, M.D., Ph.D., served as the Therapeutic Area Lead for Neuroscience at Genentech, where among other projects, he oversaw neurodegeneration clinical trials with the amyloid-beta antibody crenezumab in Alzheimer's disease, GDC-0134 in amyotrophic lateral sclerosis, and GDC-0276 and GDC-0310 in pain. Our

Chief Development Officer, Robert King, Ph.D., previously served as the Senior Vice President of development and supply chain at SciClone Pharmaceuticals. Our Chief Business Officer, Sabah Oney, Ph.D., previously served as the Head of Global Sales and Business Development at Ariosa, Inc. until and through its acquisition by Roche.

Our scientific advisory board is composed of a Nobel laureate, Thomas Christian Südhof, M.D., Ph.D., members of the National Academy of Sciences, Richard Scheller, Ph.D. and Liqun Luo, Ph.D., directors of neuroscience institutes, Bruce Miller, M.D. and Stephen L. Hauser, M.D., directors of research departments, Adam Boxer, M.D., Ph.D., Lewis Lanier, Ph.D., Michael Heneka, M.D., and Robert Vassar, Ph.D., and professors of pathology and immunology and medicine, Marco Colonna, M.D.

Our team is further supported by a group of investors that share our commitment to advancing immunotherapy as a transformative cure for neurodegeneration. Our key investors include major biopharmaceutical companies, AbbVie, Amgen, and Merck, and leading institutional investors, Casdin Capital, Deerfield Management, Euclidean Capital, Federated Kaufmann Fund, Foresite Capital, GV, Lilly Asia Ventures, Mission Bay Capital, New Leaf Ventures, OrbiMed, Perceptive Advisors, Polaris Partners, Section 32, and the Dementia Discovery Fund, a specialist venture capital fund entirely focused on advancing breakthrough treatments for dementia.

As we grow our company, we will continue to bolster our team by attracting people and partners committed to transforming the neurodegenerative treatment landscape.

Our Strategy

Our goal is to develop therapies that empower the immune system to cure neurodegeneration. The key tenets of our business strategy to achieve this goal include:

- ***Building the leading, fully-integrated company focused on delivering innovative immuno-therapies for the treatment of neurodegeneration.*** We believe that building a fully integrated company will allow us to more rapidly and efficiently develop therapies for patients as well as create value for our stakeholders. We are focused on building an independent research, development, clinical, and ultimately commercial organization in order to prosecute the full potential of our immuno-neurology approach and Discovery Platform.
- ***Applying our proprietary development capabilities to rapidly advance our product candidates through clinical proof-of-concept studies and beyond.*** We are focused on maximizing the probability of success of our product candidates by leveraging immunology, neurobiology, and human genetics, as well as our state-of-the-art bioinformatics, to enable better and earlier target selection. In addition, we are also focused on a biomarker-driven approach, including proprietary tools and assays, to confirm target engagement, inform patient selection, and follow clinical outcomes.
- ***Maximizing the therapeutic potential of our existing targets and product candidates.*** Given the central physiological roles played by the distinct targets of our product candidates, we believe that there is significant potential for us to address multiple indications with single targets. Our goal is to expand the therapeutic and commercial potential of our existing targets and product candidates to additional indications. However, we will remain disciplined about advancing this strategy, leveraging our Discovery Platform capabilities to inform expansion areas of maximum value and highest probability of success.
- ***Continuing to focus on discovering new targets and product candidates to prosecute the full power of our insights and platform.*** Our Discovery Platform is central to our efforts to rapidly identify new product candidates with compelling clinical promise. We will continue to invest in our Discovery Platform, including evolving our proprietary analytical tools and assays, to further investigate several of our identified immune system targets as well as generate additional targets and product candidates.

Our Approach

The Role of the Innate Immune System and Microglia in Neurodegeneration

Significant evidence in the last decade has shown that neurodegenerative diseases, such as Alzheimer's disease, Parkinson's disease, FTD, and amyotrophic lateral sclerosis (ALS), are linked to a dysfunctional brain immune system. In contrast to the dual adaptive and innate components that characterize the broader human immune system, the brain's immune system consists primarily of innate immune cells, known as microglia. These brain resident macrophages account for 10% to 15% of all cells found within the brain and are responsible for many aspects of brain health and maintenance. As the key innate immune cells in the brain, microglia respond to infection and damage, clear cell debris and pathological proteins, nurture neurons and the brain support cells, and control the number and functionality of inter-neuronal connections. Microglia have been our initial focus and new scientific advances have made it possible to understand how these key innate immune cells in the brain represent a crucial focal point for intervening, treating, or preventing neurodegenerative diseases (Figure 2).

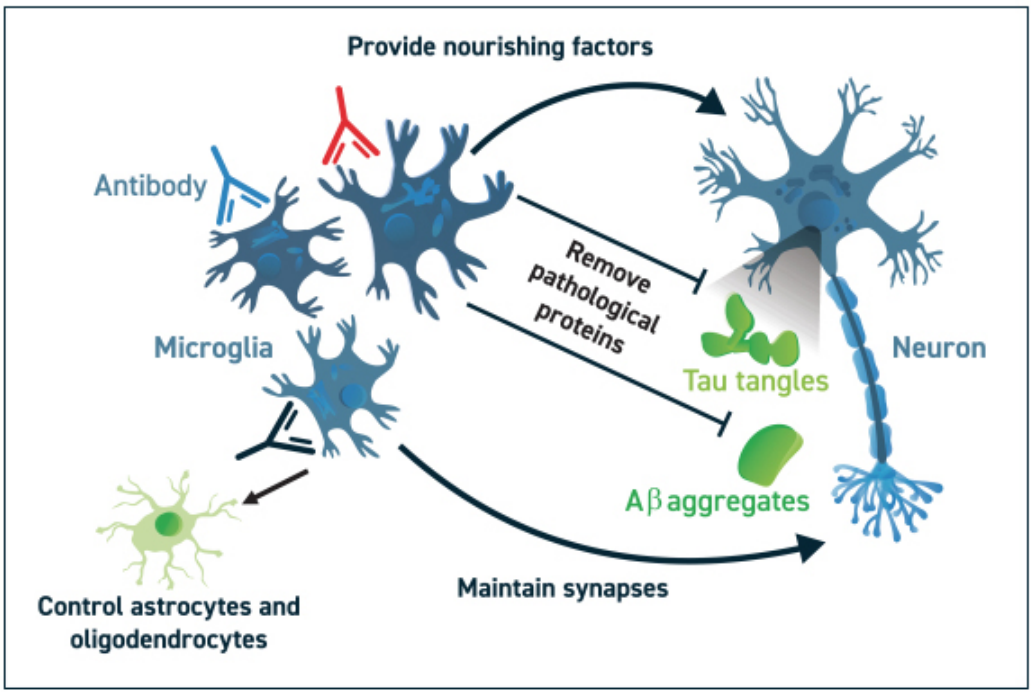


Figure 2. Our antibody product candidates target microglia to harness their many potential beneficial roles in treating neurodegenerative diseases.

Significant Scientific Data Support Our Hypothesis

Understanding how the brain's immune cells affect its structure and function, in both normal and diseased states, is in our view, the key to understanding many neurological diseases. Human genetic evidence, especially in the last five years, has supported the importance of the interactions between the brain and the innate immune system. For example, 22 of the top 25 risk genes for Alzheimer's disease, identified using genetic linkage studies, candidate gene analysis, genome-wide association (GWAS) studies, and whole-genome or whole-exome sequencing, regulate immune function in the brain. Many of these risk genes have been shown to express predominantly in microglia and to control the function of these cells (Figure 3).

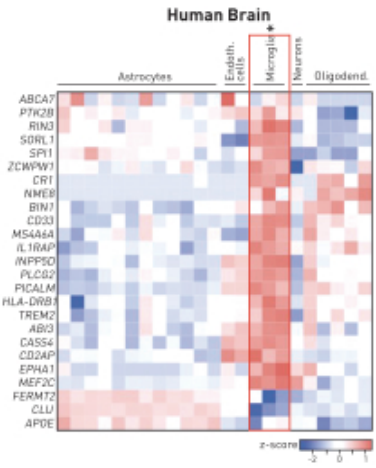


Figure 3. Expression of genes linked to Alzheimer's disease is highly enriched in microglia.[1] * Red box added to highlight microglia.

Microglia have been shown to be key cells in overall brain maintenance, health, and function and are the brain's first line of immune defense. These innate immune cells are tooled with "microglial sensomes" which enable them to constantly survey brain cells to identify and respond to subtle signs of pathology or dysfunction. Microglia scavenge the brain for toxic misfolded proteins, cell debris, damaged or unnecessary nerve cells, dysfunctional or aged synapses, and infectious agents. In addition microglia support the generation of new neurons and synapses and remodel neuronal circuits. Microglia also control the survival and function of the main brain support cells, which control brain metabolism and blood supply and replenish aged or damaged nerve fibers after injury. Further, microglia have been shown to modulate the permeability of the blood brain barrier allowing access to peripheral immune cells, to assist against infection or injury. Microglia can also change their morphology, functionality, and number in response to changing brain environment.

Recent analysis of gene transcription at the single-cell level in microglia from normal and diseased brains revealed that multiple microglia subtypes exist which respond to specific disease pathologies in the brain. Our product candidates are designed to recruit microglia subtypes by targeting microglia check-point proteins that control their survival, proliferation, migration, and function. This allows us to differentially modulate microglia activity as needed to counteract a given degenerative brain disorder.

1 Hansen, D., Hanson, J., Sheng, M. "Microglia in Alzheimer's disease." *Journal of Cell Biology*. Volume 217, Number 2, February 2018.

Recent findings in the fields of human genetics, immunology, and neuroscience have indicated that as a result of normal aging or genetic mutations, the beneficial functions of the microglia deteriorate leading to massive death of neurons and consequently to neurodegeneration.

The following table outlines the key impact of functional and dysfunctional microglia:

Functional Microglia	Dysfunctional Microglia
• Clear/counteract and form a barrier around pathological proteins such as amyloid-beta	• Reduced ability to remove, or to limit the damage caused by pathological proteins leading to dysfunction of neuronal connections and ultimately leading to neuronal cell death
• Provide metabolic and functional support to nerve cells	• Reduced ability to provide nourishing factors to neurons leading to neuronal cell death
• Induce and maintain healthy synaptic connections	• Decreased ability to maintain and stimulate synapse formation and function leading to reduced number of synapses and dysfunctional neuronal connections
• Control the function of astrocytes, the brain's star shaped support cells that help maintain the blood-brain barrier, provide nutrients to neurons, repair the nerve tissue following injury, and facilitate neurotransmission	• Inducement and conversion of beneficial astrocytes to toxic astrocytes leading to neuronal cell death
• Control the survival and function of oligodendrocytes that provide protective myelin sheaths around nerve fibers	• Failure to support oligodendrocytes, leading to neuronal dysfunction

Our Discovery Platform

Our Discovery Platform leverages human genetic datasets, advanced tools in bioinformatics and imaging, and insights in neurodegeneration and immunology to: (1) identify immune system targets that play a critical role in the development of multiple neurodegenerative diseases, and rapidly develop antibody therapeutics to these targets, (2) interrogate and prioritize those targets for activity using biomarkers and related proprietary assays and preclinical models, and (3) clinically test product candidates in genetically defined patient populations that are most likely to respond to treatment. We believe that these platform capabilities provide us with the tools to solve the conceptual and technical challenges associated with development of drug candidates for neurodegeneration.

We rely on proprietary immuno-neurology bioinformatics algorithms and methodologies to analyze large genetic datasets from diseased and healthy individuals, brain-based gene expression profiling, brain-based proteomics, and human pathology. These proprietary capabilities allow us to rapidly identify tractable targets, pharmacodynamic biomarkers, and patient populations associated with aberrant immune function which lead to neurodegeneration. Specifically, the three priorities of our platform efforts are:

- ***Target Selection.*** Our target selection capabilities address a wide array of factors that we believe inform efficient, optimized therapeutic outcomes, including genetic and mechanistic rationale. We leverage our state-of-the-art bioinformatics to identify genetic mutations in the brain immune system that we believe are the root cause of neurodegeneration. We employ a suite of genetic tools to elucidate the immune dysfunction caused by these mutations. We then seek to engineer immune modulating antibody product candidates to functionally counteract the harmful consequence of these genetic mutations. We leverage *in vitro* and *in vivo* functional tools to validate the activity of our product candidates and their ability to cross the blood brain barrier at sufficient quantities to be therapeutically effective.

- ***Biomarker Selection.*** We are able to identify and employ molecular biomarkers, assays, and imaging techniques that are tailored to our product candidates to confirm target engagement and quantify their therapeutic impact, allowing us to obtain meaningful signs of efficacy earlier than would be expected using traditional clinical measures.
- ***Patient Selection.*** We utilize genetic screening and biomarkers to better align a patient's specific diagnosis with the targeted intervention in each of our clinical studies.

We employ gene expression profiling, proteomics, brain imaging, and data on disease pathology as well as our own preclinical and clinical data to continually refine our proprietary immuno-neurology algorithms and methodologies. Using our Discovery Platform to identify genetically validated targets, disease biomarkers and responsive patient populations, we believe that we are positioned for greater probability of technical success on more efficient timelines relative to historical drug development in neurodegeneration.

In the last five years, we have identified over 40 immune system targets through genetic analysis, efficiently advanced more than 10 programs to preclinical research. We plan to have four product candidates in the clinic by the end of 2019, and we anticipate proof-of-mechanism data for our first clinical product candidate, AL001, in the first half of 2019.

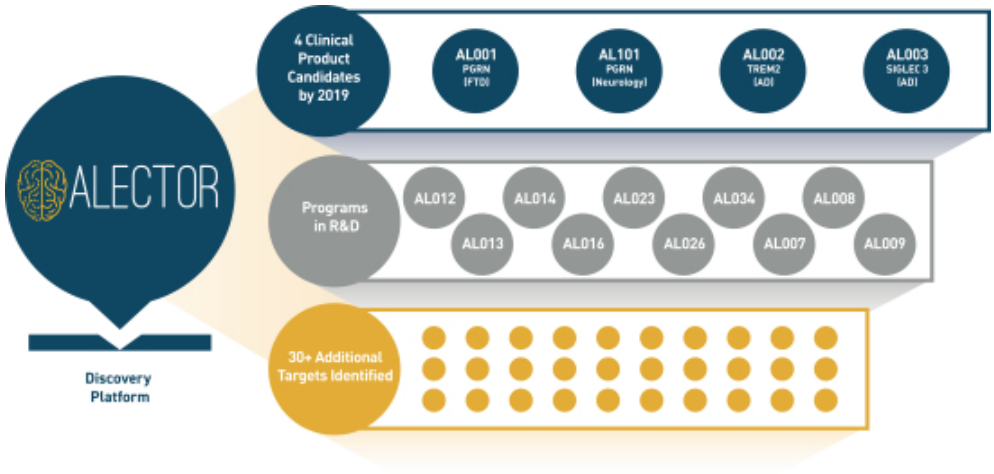


Figure 4. Our Discovery Platform allows us to identify immune system targets through genetic analysis and rapidly advance these targets through research to generate clinical product candidates.

Our Pipeline Programs

Our Progranulin Program

Our first development program is focused on modulating levels of PGRN, a key regulator of microglia function in the brain with strong genetic links to FTD and other neurodegenerative disorders. Healthy individuals carry two copies of PGRN that function together to produce healthy levels of PGRN throughout the body. Mutations in a single copy of PGRN lead to a drop of 50% or more in the level of PGRN and consequently lead to development of FTD with greater than 90% probability. Moreover, large scale human genetic studies have shown that mutations in the gene for PGRN, which leads to a more modest decrease in the level of PGRN, increases the risk for Alzheimer's disease and Parkinson's disease, making PGRN a significant risk gene for these disorders as well.

Healthy levels of PGRN are associated with many cellular processes that include, but are not limited to, normal microglial activities, inflammation, neuronal survival, and lysosome function. As shown in the figure below (Figure 5), PGRN deficiency disrupts microglia-neuronal homeostasis in the brain and promotes neurodegeneration through the release of pro-inflammatory cytokines and complement factors by dysfunctional microglia. Moreover, these microglia activate astrocytes, which in turn, damage neurons. Thus, lack of PGRN leads to disrupted health and function of both neurons and microglia and if not corrected, rapid neurodegeneration.

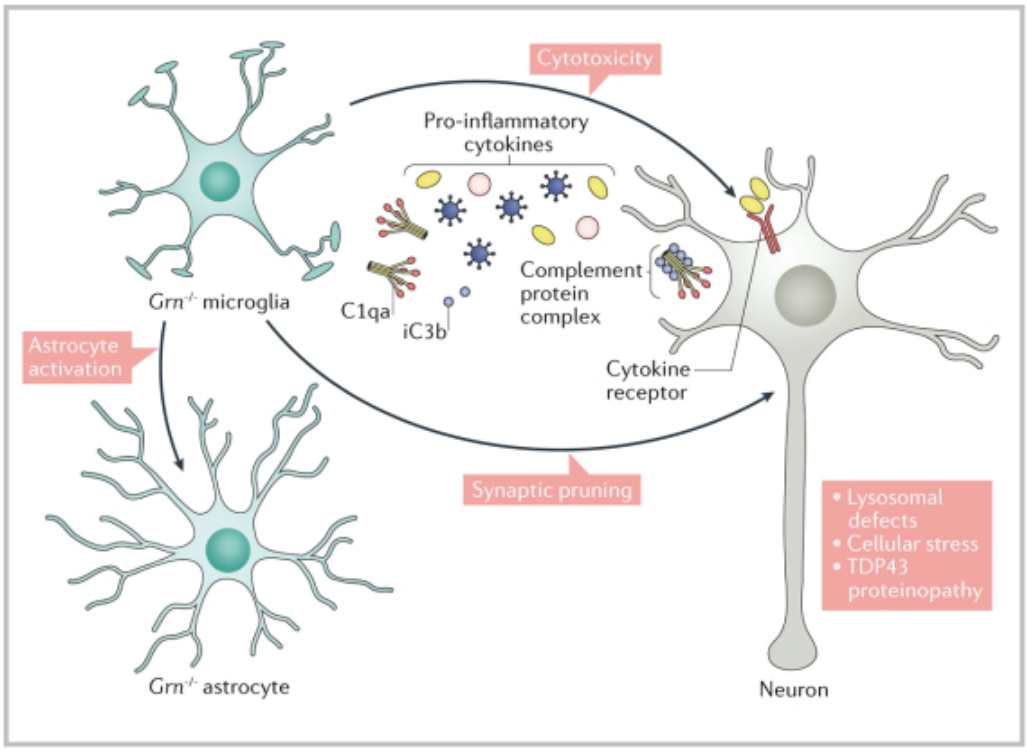


Figure 5. PGRN deficiency disrupts homeostasis between microglia and neurons, and promotes neurodegeneration during aging.[1]

SORT1 Controls PGRN Levels in the Body

Human and mouse genetic studies have identified SORT1 as a major negative regulator of PGRN levels in plasma and the brain. SORT1 is a sorting receptor on the cell surface and on the endoplasmic reticulum-Golgi apparatus within the cell. SORT1 binds to extracellular PGRN in the plasma and brain and transports it into the cells for degradation by the lysosome resulting in decreasing levels of extracellular PGRN. SORT1 deficiency increases PGRN plasma levels by two to three-fold in mouse models, while variants that modestly reduce expression of SORT1 increase the level of PGRN in humans.

Moreover, genetic loss of SORT1 does not lead to the adverse effects associated with genetic loss of PGRN, and PGRN continue to function as expected in the absence of SORT1. These studies and others have indicated to us that blocking SORT1 with a pharmacological agent would be a safe and effective approach in increasing the level of functional PGRN in the brain.

1 Kao, A., McKay, A., Singh, P., Brunet, A., Huang, E. "Progranulin, lysosomal regulation and neurodegenerative disease." *Nature Reviews Neuroscience*. Volume 18, Number 6, June 2017.

We have developed two distinct product candidates that target SORT1, AL001 and AL101, designed to increase PGRN levels in the brain of patients to counteract the damage sustained due to low PGRN levels in neurodegenerative disorders. Our first product candidate, AL001, is initially intended to target rare disorders, including genetic forms of FTD such as in patients that are missing a functional copy of the PGRN gene (FTD-GRN). Our second PGRN product candidate, AL101, is intended to target widely prevalent neurodegenerative disorders such as Alzheimer's disease and Parkinson's disease. We have worldwide development and commercial rights to our PGRN product candidates.

AL001 for the Treatment of FTD

Our first product candidate, AL001, is a humanized recombinant monoclonal antibody that is intended to be delivered by intravenous, peripheral infusion to the blood stream to increase the levels of PGRN in the brains of FTD-GRN patients. AL001 functions by shutting down the SORT1 degradation mechanism for PGRN and increasing the circulating half-life of the functional PGRN in the brain. AL001 received orphan drug designation from the FDA for the treatment of FTD in July 2018. We have completed preclinical toxicology testing for AL001 in non-human primates with no target dependent adverse findings. AL001 is currently in a Phase 1 clinical trial for FTD-GRN. We anticipate proof-of-mechanism data for AL001 in the first half of 2019, followed by clinical proof-of-concept data in first half of 2020. We also anticipate initiating Phase 1 clinical trials in an additional genetic subset of FTD patients in 2019.

Overview of FTD

FTD is a rapidly progressing and severe degenerative brain disease with no approved treatment. FTD is a form of dementia found most frequently in individuals less than 65 years old at time of diagnosis. Patients with FTD exhibit a range of symptoms including personality changes as well as language and behavioral problems. Average life expectancy in FTD patients is seven to 10 years after the start of symptoms. FTD symptoms have an insidious onset with clinical symptoms usually appearing between 45 to 65 years of age at an average age of 58. Hence, FTD is considered an early-onset dementia as compared to late-onset Alzheimer's disease, and is more common than Alzheimer's disease in early-onset dementia under the age of 60 years.

Although FTD was poorly understood and thought to be rare, over the past decade the scientific community has gained a knowledge about the biology of FTD as well as an awareness of disease prevalence. FTD affects 50,000 to 60,000 individuals in the United States and roughly 110,000 individuals in the European Union. There are multiple heritable forms of FTD, such as FTD-GRN, which represent 5% to 10% of all patients with FTD, and approximately 22% of heritable FTD cases. Healthy individuals carry two copies of PGRN that function together to produce sufficient levels of PGRN throughout the body. Mutations in a single copy of PGRN lead to a 50% or greater decrease in the level of PGRN and consequently lead to development of FTD. Researchers have identified over 70 inherited loss of function mutations in PGRN that lead to FTD to date.

The rate of disease progression in FTD is faster than in Alzheimer's disease, suggesting that clinical trials with disease-modifying agents have the potential to demonstrate clinical efficacy more quickly and with fewer subjects in FTD than in Alzheimer's disease. For example, the median survival from symptom onset in FTD is seven years shorter than in Alzheimer's disease.

We believe that we can establish rapid clinical proof-of-concept in FTD-GRN patients given its genetically-defined patient population, fast rate of disease progression, and our ability to leverage fluid and imaging biomarkers. In FTD-GRN patients, inhibition of SORT1 through AL001 represents a potential mechanism to compensate for the over 50% reduction of PGRN. AL001 is intended to reduce the ability of SORT1 to bind to and degrade PGRN, leading to increases in the levels of PGRN through increasing its circulating half-life (Figure 6). We have tested our PGRN program antibodies in various animal models, including mice, rats, and

non-human primates and have achieved significantly elevated, long-lasting levels of PGRN in the brain after intravenous administration.

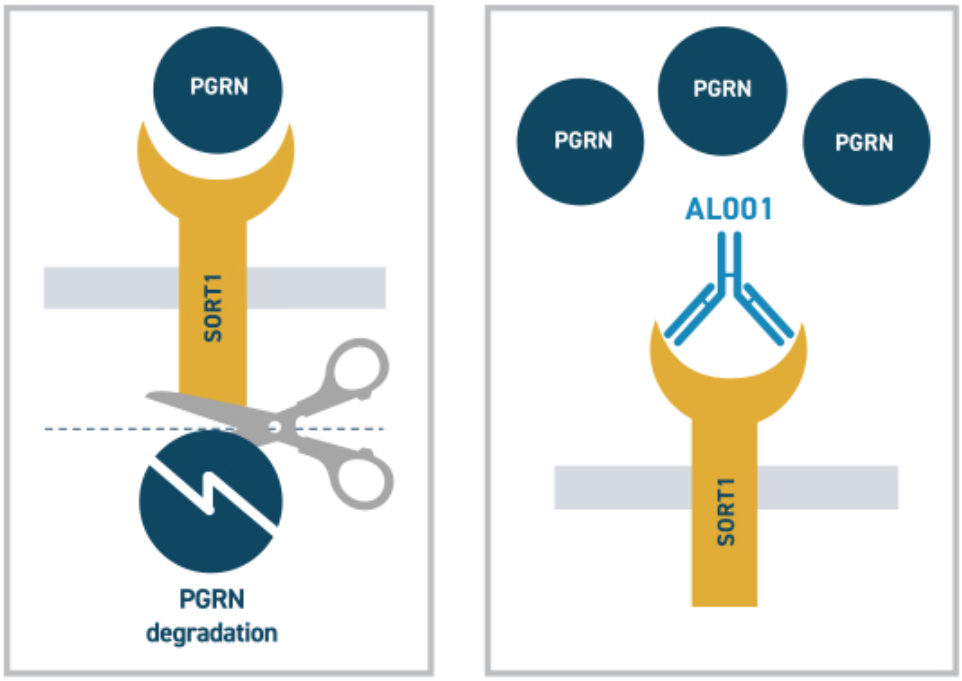


Figure 6. Mechanism of action for our PGRN programs. AL001 binds to SORT1 and prevents degradation of PGRN, increasing its circulating half-life significantly. A similar mechanism of action is also applicable for AL101.

AL101 for the Treatment of Alzheimer's Disease and Parkinson's Disease

We are developing a second product candidate in our PGRN program, AL101, that targets SORT1 with a different pharmacokinetic and pharmacodynamic profile. We anticipate that the specific pharmacokinetic and pharmacodynamic profile of AL101 will allow flexibility in formulation and delivery options that are more suited for chronic administration of large patient populations such as Alzheimer's disease and Parkinson's disease.

Mutations that moderately reduce the amount of PGRN in the brain increase the risk for Alzheimer's disease and Parkinson's disease. In line with our therapeutic hypothesis, we decided to target PGRN as a potential disease modifying therapeutic for patients suffering from Alzheimer's disease or Parkinson's disease once we achieve proof-of-concept in FTD patients.

Overview of Alzheimer's Disease

Alzheimer's disease is a chronic neurodegenerative disease that usually starts slowly in people over 65 years of age and worsens over time. It is the most common cause of dementia, accounting for 60% to 70% of all cases. The most common early symptom of Alzheimer's disease is difficulty in remembering recent events. As the disease advances, symptoms can include problems with language, disorientation, mood swings, loss of motivation, failure to manage self-care, and behavioral issues. As a person's condition declines, they often withdraw from family and society. Gradually, bodily functions are lost, leading to death. Although the speed of progression can vary, the typical life expectancy following diagnosis is eight to ten years.

While estimates of the prevalence of Alzheimer's disease vary, the Alzheimer's Association estimates that, in 2018, there are 5.7 million people in the United States suffering from Alzheimer's disease and that number is projected to rise to nearly 14 million by 2050. Alzheimer's disease is the sixth leading cause of death in the United States.

In addition to its debilitating effect on patients' cognition and day-to-day functioning, Alzheimer's disease places a significant burden on the healthcare system. According to the Alzheimer's Association, the aggregate cost of care in 2018 for patients with Alzheimer's disease and other types of dementia in the United States was estimated to be $232 billion, over half of which is borne by the Medicare system.

Overview of Parkinson's Disease

Parkinson's disease is a long-term degenerative disorder of the central nervous system that mainly affects the motor system. Early in the disease, the most obvious symptoms are shaking, rigidity, slowness of movement, and difficulty with walking. Cognitive and behavioral problems may also occur. Dementia becomes common in the advanced stages of the disease. Depression and anxiety are also common, occurring in more than a third of people with Parkinson's disease. Other symptoms include sensory, sleep, and emotional problems. Parkinson's disease typically occurs in people over the age of 60. The average life expectancy following diagnosis is between three to 10 years after the onset of symptoms.

There is no disease modifying treatment for Parkinson's disease, and the options for patients are limited to treatments that improve symptoms. Initial treatment is typically with the anti-Parkinson's drug medication levodopa, with dopamine agonists being used once levodopa becomes less effective. As the disease progresses and neurons continue to be lost, these medications become less effective while at the same time they produce a complication marked by involuntary writhing movements.

According to the Parkinson's Foundation, more than 10 million people worldwide are living with Parkinson's disease. An estimated 930,000 people in the United States will be living with Parkinson's disease by the year 2020. This number is predicted to rise to 1.2 million by 2030.

Our PGRN Preclinical Data

We have conducted safety and efficacy studies of AL001 in non-human primates, also referred to as NHPs, and completed preclinical toxicology testing with no target related adverse findings. In non-human primates, AL001 recognizes and binds to SORT1 with potency similar to that seen in the binding between AL001 and human SORT1. In these non-human primate experiments, AL001 delivered by intravenous injection to the blood stream blocked SORT1 and increased levels of PGRN in both plasma and cerebrospinal fluid (CSF) (Figure 7). These experiments indicated that there were therapeutic levels of AL001 in the brain following delivery to the bloodstream systemically. These effects were observed after a single dose of AL001 as well as during and after multiple dosing.

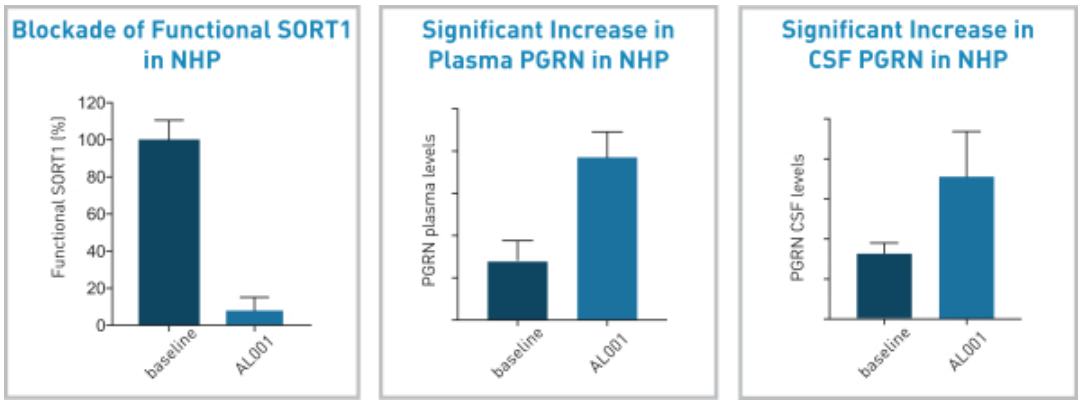


Figure 7. AL001 blocks SORT1 and increases the levels of PGRN in plasma and cerebrospinal fluid in NHP following injection to the bloodstream, indicating that peripherally injected AL001 elicits the desired biological response in the brain.

AL101 is able to cross-react and bind to murine, rat, non-human primate as well as human SORT1. AL101 binds SORT1 with similar potency in multiple animal models. Following intravenous injection, AL101 was shown to block SORT1 and increase the levels of PGRN in the plasma and cerebrospinal fluid of mice (Figure 8), rats, and non-human primates, demonstrating again that delivery of AL101 to the bloodstream systemically is effective in increasing PGRN levels in the brain in multiple animal models.

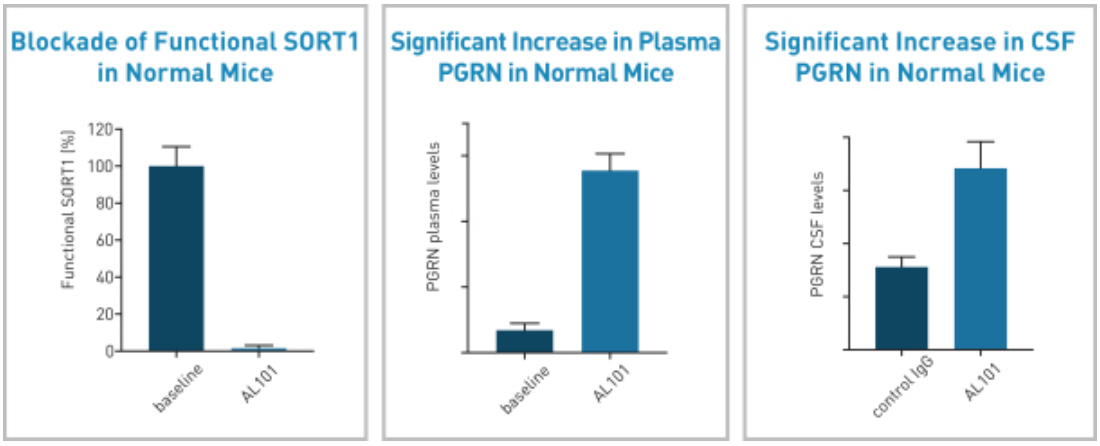


Figure 8. AL101 blocks SORT1 and increases the levels of PGRN in plasma and cerebrospinal fluid in normal mice following injection into the bloodstream, indicating that peripherally injected AL101 elicits the desired biological response in the brain.

In addition, we have conducted preclinical tests with AL101 in a mouse model created by introducing a mutation in one of the two copies for the mouse version of PGRN (FTD-GRN mice). AL101 injected into the bloodstream blocked SORT1 and increased levels of PGRN in both plasma and cerebrospinal fluid of the FTD-GRN mice (Figure 9). These changes support the hypothesis that targeting SORT1 by intravenous injection of anti-SORT1 antibodies would lead to an increase of PGRN in the brains of FTD-GRN patients.

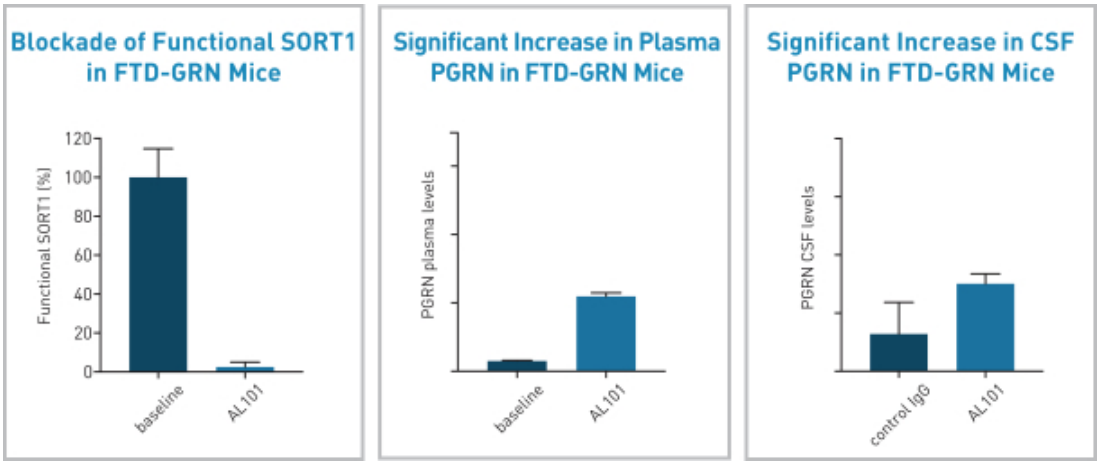


Figure 9. AL101 blocks SORT1 and increases the levels of PGRN in plasma and cerebrospinal fluid in FTD-GRN mice following injection into the bloodstream, indicating that peripherally injected AL101 elicits the desired biological response in the brain.

The FTD-GRN mice also exhibit behavioral changes such as an increase in submissiveness and social aversion. This can be assessed in a simple social aversion test in which mice are introduced at opposite ends of a tube. Normal mice will approach each other in the tube until one of them retreats on average 50% of the time. When an FTD-GRN mouse is placed into the tube together with a normal mouse, it is about three times more likely to retreat first.

We tested our hypothesis that increasing levels of PGRN, through inhibition of SORT1, would slow disease progression and lead to a beneficial therapeutic effect in the FTD-GRN mouse model. Intravenous injections of the FTD-GRN mice with AL101 for four weeks reduced the social deficit symptoms of FTD and restored healthy behavior in this social aversion test. Moreover, no adverse effects were observed in either FTD-GRN mouse model or normal mice after the treatment with AL101.

Our PGRN Product Candidates Development Plan

Our PGRN product candidates have demonstrated target engagement, increases in the disease associated pharmacodynamic marker PGRN in the brain, and efficacy in an animal disease model following intravenous injection. Our strategy is to first advance AL001 in fast progressing orphan indications with the highest unmet need and strongest evidence of causal connection, treating genetically defined patient populations to generate proof-of-concept and evidence of efficacy. We then intend to advance AL101 for more common neurodegenerative diseases such as Alzheimer's disease and Parkinson's disease.

AL001 is currently in a Phase 1 clinical trial for FTD-GRN, which we initiated in the third quarter of 2018. We anticipate proof-of-mechanism data for AL001 in the first half of 2019, followed by clinical proof-of-concept data in first half of 2020 (Figure 10).

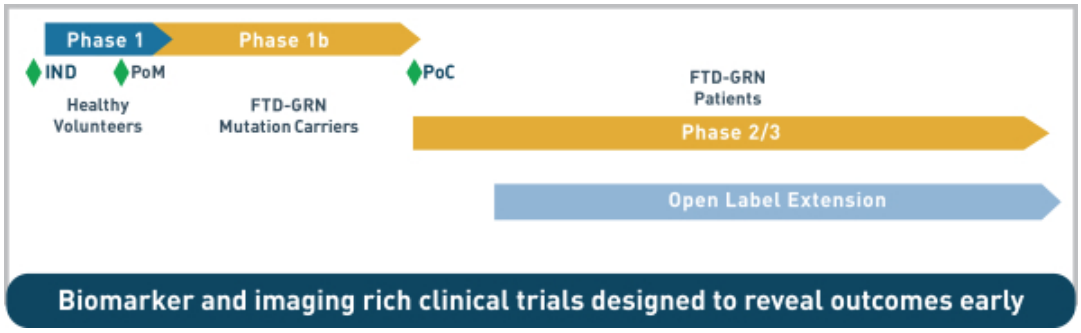


Figure 10. Clinical plan for AL001 in FTD-GRN.

We intend to first obtain data confirming proof-of-mechanism in humans by measuring PGRN and SORT1 levels in the plasma and cerebrospinal fluid in the first half of 2019. This will be followed by proof-of-concept data which will include multiple cerebrospinal fluid biomarkers, multiple types of brain imaging (Figure 11), and multiple cognitive and behavioral tests in the first half of 2020. We also anticipate initiating a Phase 1 clinical trial in an additional genetic subset of FTD patients in 2019. The Phase 1 trial is being conducted in healthy volunteers and in FTD patients with confirmed PGRN mutations. Our Phase 1 trial of AL001 trial has three goals: safety, proof-of-mechanism, and proof-of-concept. For AL001, proof-of-mechanism refers to the ability to confirm that AL001 binds the desired target, SORT1, and that this target engagement is associated with an increase in the levels of PGRN, both in plasma and cerebrospinal fluid. Proof-of-concept refers to a treatment effect detected by downstream biomarkers (e.g., fluid and imaging biomarkers) and/or clinical assessments in symptomatic FTD patients.

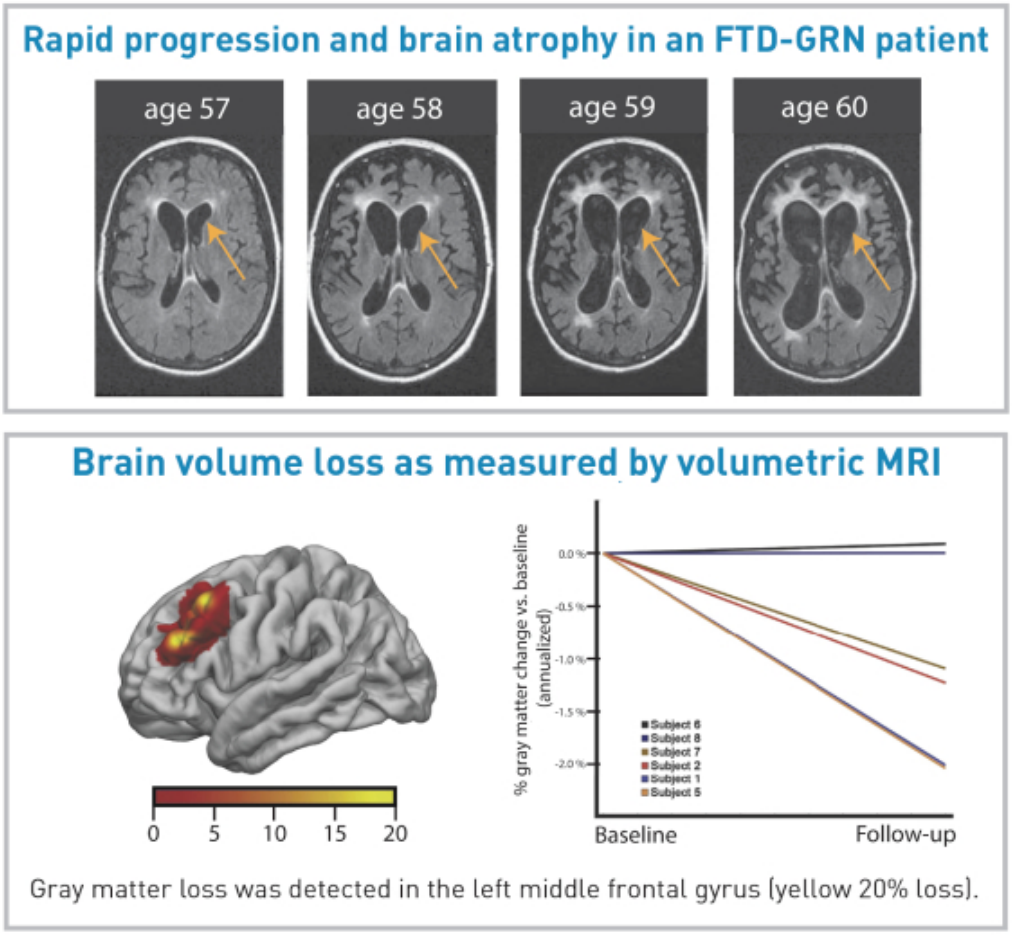


Figure 11. Decreasing clinical risk with volumetric brain imaging. The change in brain volume loss was driven by symptomatic mutation carriers.[2,3]

2 Boeve, B., Baker, M., Dickson, D., Parisi, J., Giannini, C., et al. "Frontotemporal dementia and parkinsonism associated with the IVS1+1G->A mutation in progranulin: a clinicopathologic study." *Brain: a Journal of Neurology*. Volume 129, Issue 11, November 2006.

3 Sha, S., Miller, Z., Min, S., Zhou, Y., Brown, J., et al. "An 8-week, open-label, dose-finding study of nimodipine for the treatment of progranulin insufficiency from GRN gene mutations." *Alzheimer's & Dementia: Translational Research & Clinical Interventions*. Volume 3, Issue 4, November 2017.

Potential Additional Applications for Our PGRN Program

Beyond FTD-GRN, we believe AL001 has the potential to treat other rare diseases that share pathological mechanisms with FTD-GRN. One such indication includes FTD caused by mutations in the gene of C9orf72, which affects a similar number of individuals as FTD-GRN in the United States. C9orf72 mutations accumulate the pathological protein known as TAR DNA-binding protein 43 (TDP-43) in the brain and by that share the same pathological mechanism with FTD-GRN which also accumulate TDP-43. Moreover, polymorphic mutations in the gene of PGRN that lead to a moderate reduction in PGRN levels were shown to be associated with faster progression rate of FTD patients with the C9orf72 mutations, indicating FTD-GRN and FTD-C9orf72 display the same underlying cellular pathology and are both impacted by PGRN deficiency. The commonality between these diseases raises the possibility that our PGRN program may have therapeutic benefit in the others.

Polymorphic mutations that moderately reduce the expression levels of PGRN also increase risk of developing Alzheimer's disease and Parkinson's disease, and increased PGRN levels has been demonstrated to be protective for these diseases in animal models. We are developing AL101 ultimately to target these large chronic neurodegenerative diseases (Figure 12).

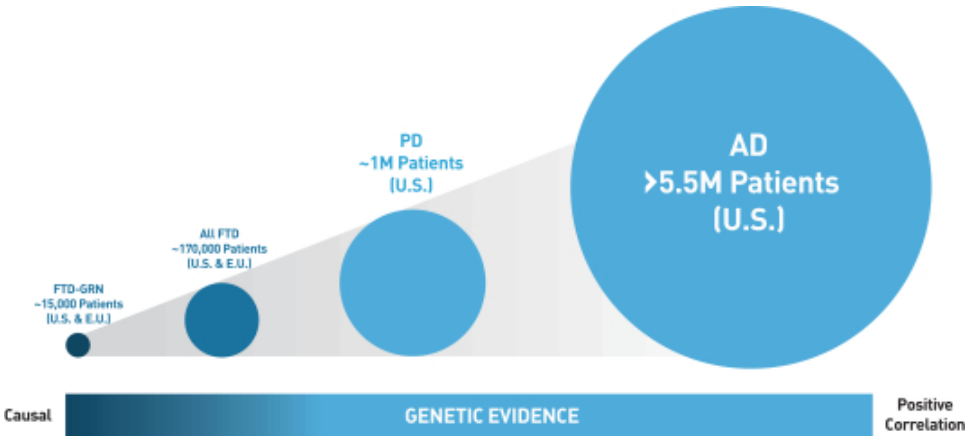


Figure 12. Our PGRN programs have broad therapeutic potential, including FTD and other more prevalent neurodegenerative diseases such as Parkinson's disease and Alzheimer's disease. (Figure not to scale.)

Our TREM2 Program

TREM2 is a transmembrane receptor protein that is expressed on a subset of innate immune cells and selectively on microglia in the brain. TREM2 on microglia cells is thought to promote improved cell migration to the site of injury, improved cell survival, increased phagocytosis, and increased cell proliferation. Rare individuals with homozygous TREM2 mutations, or mutations on both chromosomal copies, may develop neurodegeneration by the age of 40 with an average lifespan of 10 years following diagnosis. A gene variant in one of the two copies of TREM2 is found to increase the risk of Alzheimer's disease by threefold. Not only do mutations in a single copy of TREM2 increase the risk of Alzheimer's disease significantly, but Alzheimer's disease patients with TREM2 mutations exhibit an earlier onset of symptoms by three years and an increased rate of brain volume loss compared to Alzheimer's disease patients without such mutation. Evidence also suggests that gain of function mutations that are identified in TREM2 in the broader population confer a protective phenotype against Alzheimer's disease.

The discovery of strong genetic linkage of TREM2 to Alzheimer's disease in 2013 was one of the first examples in which large scale genomic analyses were used to identify a rare gene variation and link it to an increase in the risk of late-onset Alzheimer's disease.

TREM2 binds to membrane lipids and lipoproteins such as Apolipoprotein E (ApoE) which are normally found in the brain. Mutations in the gene for ApoE are also known to significantly increase the risk of development of Alzheimer's disease and is the single highest risk factor for Alzheimer's disease.

AL002 for the Treatment of Alzheimer's Disease

Our product candidate, AL002, is a humanized, TREM2 activating, monoclonal antibody that is intended to be delivered by intravenous, peripheral infusion into the blood stream (Figure 13). AL002 is a microglia cell regulator that modulates the TREM2 receptor and is being developed for the treatment of Alzheimer's disease in collaboration with AbbVie.

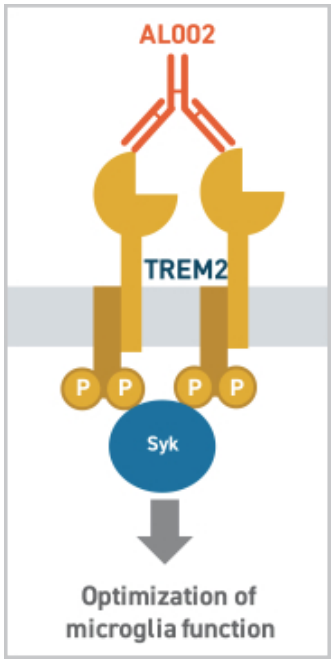


Figure 13. Mechanism of action our TREM2 activating product candidate AL002.

Alzheimer's disease is a complex disorder with many genetic and environmental factors that contribute to nerve cell dysfunction and death. There are currently no cures or disease-modifying therapies for Alzheimer's disease and there are only two classes of approved therapies for symptomatic treatment: acetylcholinesterase inhibitors and glutamatergic modulators. These drugs are designed to help preserve neuronal communication, but only provide temporary benefit and do not slow or halt neuronal death. In addition, antidepressants and antipsychotics are often prescribed off-label to treat the symptoms of severe Alzheimer's disease in patients suffering from agitation, aggressive behaviors, psychosis, and depression.

Recent drug candidates under development for Alzheimer's disease include those focused on blocking synthesis, enhancing clearance or disaggregating misfolded amyloid-beta or TAU proteins in the brain, reversing chronic inflammation, and repairing vascular dysfunction, metabolic dysregulation, as well as neurotoxicity. Almost all of these candidates were designed to target just one of the multiple Alzheimer's disease pathologies, and most of these drug candidates have so far failed to demonstrate any significant benefit.

Although amyloid-beta plaques and TAU protein in the brain represent physical pathologies of the disease and are believed to cause a loss of neuronal connectivity in the brain and neuronal death, recent scientific data

paints a more complex picture. Therapeutic approaches that address only one of the multiple pathologies observed in Alzheimer's disease, for example, pathology-directed therapies that clear amyloid-beta or TAU proteins, have had limited efficacy. More efficacious therapies will require reversing additional pathologies which we believe are associated with microglial failure.

Our TREM2 Preclinical Data

AL002 binds to TREM2 on the surface of microglia and is designed to optimize microglial activity through the phosphorylation of Spleen Associated Tyrosine Kinase (Syk). We have demonstrated that AL002s, an antibody that is functionally similar to AL002 but cross-reacts to the mouse TREM2, can normalize gene expression signature associated with Alzheimer's disease, induces microglial proliferation, increases microglial survival, increases the number of microglia surrounding amyloid-beta plaques, increases the compaction, insulation, and phagocytosis of these pathological proteins (Figure 14). Moreover, AL002s increases migration of microglia to sites of neurodegenerative damage, and restores cognitive ability in animal models (Figure 15).

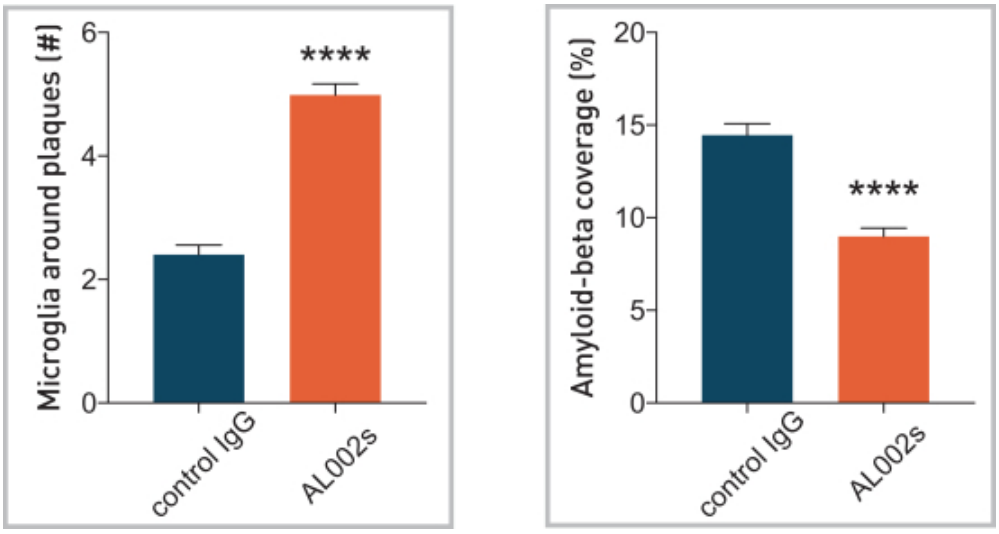


Figure 14. AL002s increases the number of microglia around amyloid-beta plaques (left) and reduce the area occupied by amyloid-beta plaques (right) in a mouse model of Alzheimer's disease.

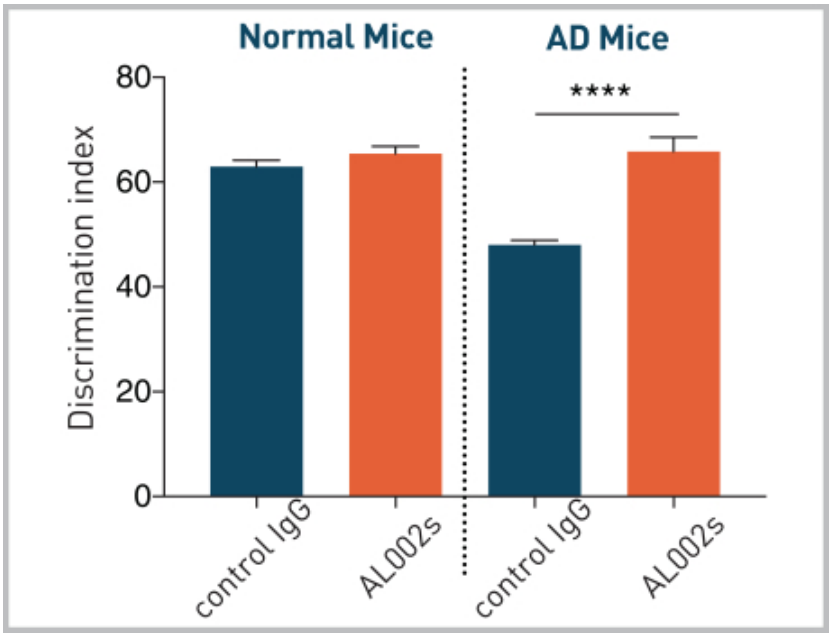


Figure 15. AL002s improves cognitive deficit in a mouse model of Alzheimer's disease.

AL002 Development Strategy

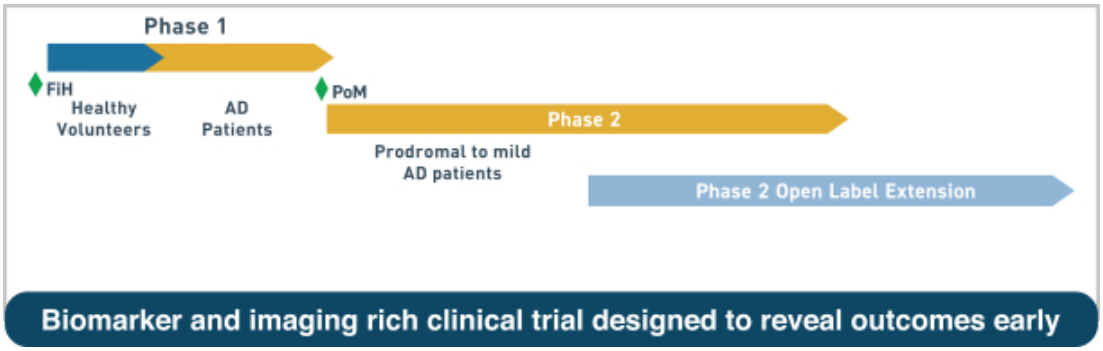


Figure 16. Clinical plan for AL002 in Alzheimer's disease.

The Phase 1 clinical trial for AL002, which we plan on launching by the end of 2018, is designed to test safety in healthy adults as well as Alzheimer's disease patients. Plasma and cerebrospinal fluid levels of soluble biomarkers, which are rapidly reduced in non-human primates after AL002 systemic administration will be used along with biomarkers associated with immune activity in the brain to determine optimal dosing regimen and evaluate proof-of-mechanism and safety of AL002 (Figure 16).

Following the Phase 1 study, we intend to launch a double-blind placebo-controlled Phase 2 proof-of-concept trial in Alzheimer's disease patients in early stages of the disease. In addition to measuring molecular and genetic biomarkers, we intend to use novel imaging modalities to specifically look at the levels of activated microglia in the brain. Moreover, imaging techniques focused on pathological proteins and neuronal health will

also be employed for an early read-out on various molecular and genetic biomarkers, imaging assessments and clinical measures to establish proof-of-concept enabling pivotal Phase 3 studies.

These clinical trials have been designed in close collaboration with AbbVie. Our desired outcome is to achieve informative endpoints to enable efficient Phase 3 clinical trial design and a rapid advancement towards marketing approval. For more information on our collaboration with AbbVie see the section titled “Business—Strategic Alliance with AbbVie.”

Our SIGLEC 3 Program

Large scale genomic profiling of datasets from Alzheimer’s disease patients has been used to identify the association between certain variants of SIGLEC 3, also known as CD33, and increased risk to develop Alzheimer’s disease. SIGLEC 3 is an inhibitory receptor expressed on microglia and acts as the brakes of the immune system in the brain, slowing down microglial activity. Excessive inhibition of the microglia by the disease risk variant of SIGLEC 3, which increases expression of the inhibitory SIGLEC 3 receptor on microglia, leads to reduced functionality of the myeloid cells, and consequently, increased deposition of amyloid-beta plaques, and accelerated loss of tissue in the brain of Alzheimer’s disease patients that carry this risk variant.

Our analysis further showed that the natural inhibitory ligands for SIGLEC 3, which are required for activation of SIGLEC 3, are upregulated in the brain of Alzheimer’s disease patients, further reducing the functionality of the microglia.

Consistent with the genetic findings in humans, Alzheimer’s disease mouse models with knockout of the gene for SIGLEC 3 have microglia with improved phagocytosis and displayed fewer amyloid-beta plaques compared to the same Alzheimer’s disease model that expressed the mouse SIGLEC 3 gene. In line with the findings that the presence of SIGLEC 3 increased the severity of Alzheimer’s disease, over-expression of the human SIGLEC 3 in Alzheimer’s disease mouse models also reduced the number of certain disease associated microglia that are thought to counteract the disease progression.

Taken together, this data supports the hypothesis that blocking the function of SIGLEC 3 would increase the number of beneficial microglia and elicit a therapeutic benefit in Alzheimer’s disease.

AL003 for Treatment of Alzheimer's Disease

Our product candidate, AL003, is a SIGLEC 3 blocking, monoclonal antibody (Figure 17) that is intended to be delivered by intravenous, peripheral infusion into the blood stream. The function of SIGLEC 3 on microglia is similar to the inhibitory function of PD-1 on T-cells. AL003 acts similarly to PD-1/PDL-1 inhibitors that have been employed successfully in immunotherapy of cancer. Both approaches aim to remove the "brakes" on the immune system to allow the system to work at its full capacity.

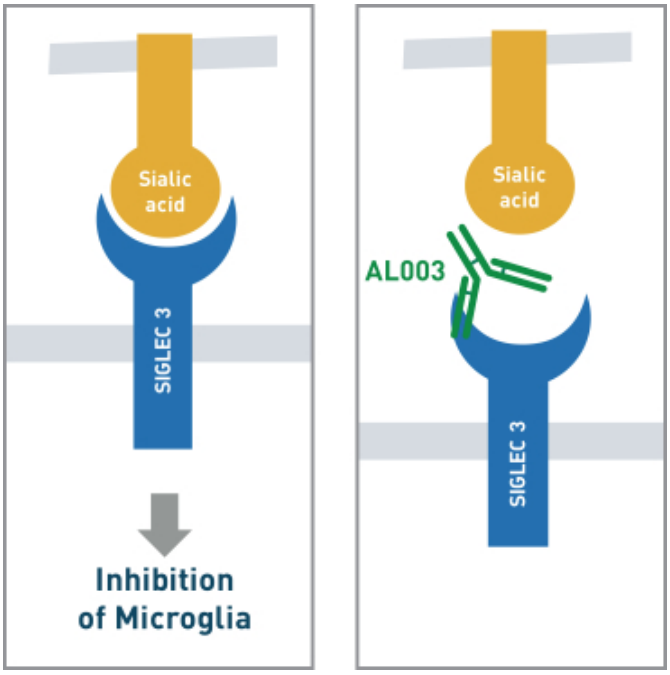


Figure 17. Mechanism of action of our SIGLEC 3 blocking product candidate AL003.

We intend to initiate a Phase 1 trial of AL003 in the first half of 2019 in healthy adults and patients with mild to moderate Alzheimer's disease to assess preliminary safety of AL003. Proof-of-mechanism data can be obtained by analysis of levels of fluid biomarkers of microglia function. Following positive results in this trial, we intend to launch a Phase 2 proof-of-concept trial for AL003 in Alzheimer's disease patients.

Our SIGLEC 3 Preclinical Data

The activity of AL003 in mice was assessed in immunodeficient mice containing human immune cells to recapitulate the human immune system as closely as possible. AL003 injected into the bloodstream of these mice blocks SIGLEC 3 on immune cells. In addition, injection of AL003 into mice that express the human SIGLEC 3 in microglia leads to a long lasting blockade of SIGLEC 3 on the cell surface of microglia in the brain, indicating that AL003 is able to cross the blood brain barrier and exert its desired activity (Figure 18).

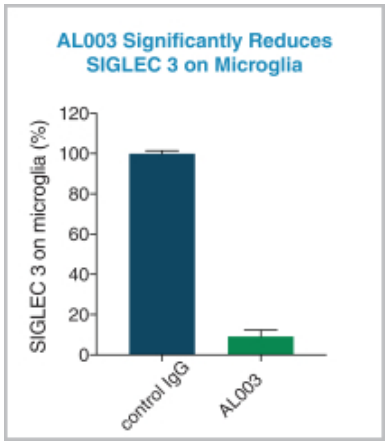


Figure 18. AL003 blocks SIGLEC 3 on microglia in mouse brain following injection to the blood stream.

AL003 Development Strategy

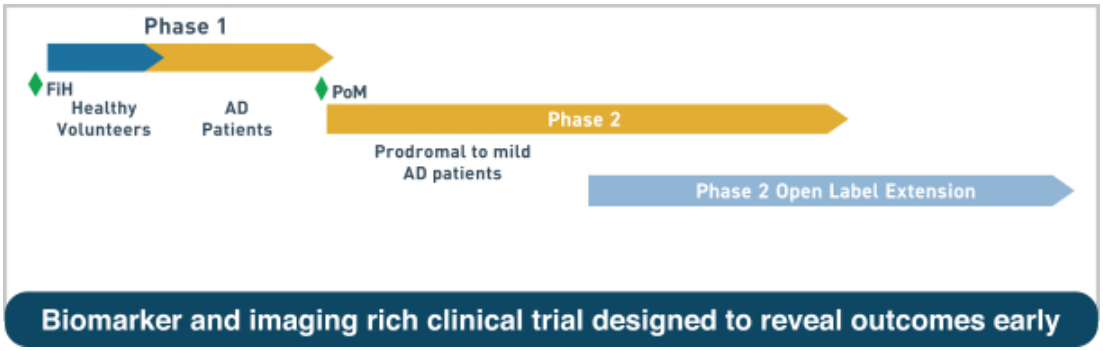


Figure 19. Clinical plan for AL003 in Alzheimer's disease.

Our AL003 product candidate follows a similar clinical development plan to AL002 with some modifications. We plan to initiate a Phase 1 trial of AL003 in the first half of 2019. This Phase 1 trial is designed to establish safety of AL003 and generate proof-of-mechanism in healthy subjects as well as Alzheimer's patients.

Following positive results in this trial, we intend to launch a double-blind placebo-controlled Phase 2 proof-of-concept trial in Alzheimer's patients (Figure 19).

During this planned Phase 2 trial, in addition to measuring molecular and genetic biomarkers, we intend to use novel imaging modalities to measure the levels of immune activity in the brain. Moreover, imaging

techniques focused on pathological proteins and neuronal health will also be employed for an early read out on various molecular and genetic biomarkers, imaging assessments and clinical measures to establish proof-of-concept enabling pivotal Phase 3 studies.

These clinical trials have been designed in close collaboration with AbbVie. Our desired outcome is to achieve informative endpoints to enable efficient Phase 3 clinical trial design and a rapid advancement towards marketing approval. For more information on our collaboration with AbbVie see the section titled "Business—Strategic Alliance with AbbVie."

Expansion of Our Discovery Platform to Other Indications

Immuno-oncology

Microglia display similar gene expression signature and function to the innate cells of the peripheral immune system. These peripheral innate cells such as macrophages, NK cells and others, likely play a significant role in multiple chronic diseases including cancer, inflammation, and autoimmune disorders. We are leveraging our expertise in innate immune system to develop additional innate immune check-point focused programs, including programs targeting the Siglec protein family and the SIRP protein family, for peripheral disorders, particularly cancer. We believe that products focused on innate immune biology will complement and expand the efficacy of current immuno-oncology drugs that target the adaptive immune system.

Combination Therapies

Our therapies are also likely to act in conjunction with each other or with other experimental drugs that are designed to remove pathological proteins. Therapies such as antibodies against amyloid-beta, the TAU filaments or misfolded alpha-synuclein protein are designed to tag the pathological proteins and recruit microglia to dispose of the drug pathological protein complex. Aging microglia are less likely to perform this function effectively and our immuno-neurology therapies could ameliorate this deficiency. We are continuing to explore various combination strategies in preclinical models and will, in the future, consider moving this strategy into the clinic based upon results from preclinical models.

Strategic Alliance with AbbVie

Overview

In October 2017, we entered into the AbbVie Agreement. The primary goal of our global strategic collaboration with AbbVie is to co-develop and commercialize therapeutics to treat Alzheimer's and other neurodegenerative diseases.

Under the AbbVie Agreement, we granted AbbVie an exclusive option to global development and commercialization for our TREM2 and SIGLEC 3 programs. The terms of the AbbVie Agreement included initial upfront payments of $205.0 million and $20.0 million from the sale of shares of our Series E preferred stock, and if AbbVie exercises its option for both programs, we are eligible for up to an additional $985.6 million in option exercise and milestone payments. Following AbbVie's exercise of its option, Alector and AbbVie will share the development costs and will split global profits after marketing approval. However, following AbbVie's option exercise for a program, we may opt out of sharing in development costs and profits or losses from that program and instead receive a tiered royalty on sales of products from that program. We are responsible for the design and execution of Phase 1 and Phase 2 studies, taking advantage of our significant in-house expertise in running clinical trials in Alzheimer's disease. Following its exercise of an option for a program, AbbVie will be responsible for certain development activities and global commercialization, taking advantage of its global clinical trial expertise and commercialization networks. Through this partnership, we aim to leverage the strengths of both organizations efficiently to best achieve the desired outcome.

Exercise of options. AbbVie may exercise its option for a program at any time until the expiration of an option term for that program. For each program, the option term ends following a fixed period after AbbVie's receipt of the data package that includes certain information relating to the applicable program's research and development activities. If AbbVie fails to exercise its option during the option term for a product candidate, we will retain all rights to that program. If AbbVie exercises its option for a program, then AbbVie will lead development and commercialization activities worldwide. Once AbbVie opts in with respect to a given product candidate, AbbVie must use commercially reasonable efforts to develop and commercialize the corresponding product globally.

Governance. The collaboration is governed by a joint steering committee (JSC). The JSC may establish additional subcommittees to oversee particular projects or activities. Subject to limitations specified in the AbbVie Agreement, if the applicable governance committee is unable to make a decision by consensus and the parties are unable to resolve the issue through escalation to specified senior executive officers of the parties, then the issue is escalated to an alternative dispute resolution subject to final decision-making rights retained by each party.

Exclusivity. During the term of the AbbVie Agreement, each of Alector and AbbVie are subject to exclusivity requirements prohibiting certain activities outside of the AbbVie Agreement directed to targets under the AbbVie Agreement.

Intellectual Property. Ownership of intellectual property created in connection with the AbbVie Agreement is generally determined on the basis of inventorship. Generally, each party has the first right to prosecute and maintain its own patents. We generally have the first right to prosecute and maintain joint patents prior to AbbVie's exercise of its option for the program relating to such patent, and AbbVie has the right following its exercise of such option. AbbVie has the first right to prosecute any infringement of jointly held patents developed under the AbbVie Agreement and our patents that are licensed under the AbbVie Agreement. Additionally, AbbVie has the sole right to prosecute its own patents. AbbVie has the first right to defend against claims that a product developed under either of the programs that are the subject of the AbbVie Agreement infringe third party intellectual property rights.

Term and Termination. At any point during the term of the AbbVie Agreement, including during the research, development and clinical trial process, AbbVie can terminate the AbbVie Agreement in its entirety, or with respect to either program under the AbbVie Agreement, for convenience. In that event, all rights related to the applicable program revert to us. Additionally, AbbVie or we and can terminate the AbbVie Agreement in connection with a material breach of the AbbVie Agreement by the other party that remains uncured for a specified period of time.

Adimab Collaboration Agreement

Overview

In 2014, we entered into the Adimab Collaboration Agreement. Under the Adimab Collaboration Agreement, we are required to fund, and we and Adimab are required to use commercially reasonable efforts to conduct, certain research to discover and optimize antibodies directed against targets selected by us. We are developing antibodies discovered by Adimab in our AL001 and AL101 product candidates, and we are developing antibodies optimized by Adimab in our AL002 and AL003 product candidates.

Governance. Our collaboration with Adimab is governed by a research committee consisting of at least two representatives from each party. The research committee prioritizes among research programs and prepares and finalizes new proposed research plans, among other activities. If the research committee is unable to make a decision by consensus and the parties are unable to resolve the issue through escalation to specified senior executive officers of the parties, then either party may seek arbitration of the matter.

Exclusivity. Pursuant to the Adimab Collaboration Agreement, each party is subject to limitations on its ability to use information or material provided by the other outside the scope of the collaboration.

Intellectual Property. Ownership of intellectual property arising from the research is generally owned by the party that invents or creates the applicable intellectual property, although certain categories of intellectual property are specifically assigned to one party or the other. For example, patent rights relating to improvements to Adimab's background platform technology that are invented in the course of the research are assigned to Adimab. Prior to our exercise of the option described below, we and Adimab each grant the other a non-exclusive license to the relevant intellectual property we own to allow each party to carry out its rights and obligations in connection with the research; and except for Adimab's retained rights to continue using and licensing its own libraries, each party agrees not to practice or license the patents arising out of the research that it owns for any purpose other than to carry out its rights and obligations in connection with the research. Generally, each party has the obligation to prosecute, maintain, defend, and enforce its own patents, but we are subject to certain contractual restrictions on our ability to prosecute, practice, and license certain of our patents that arose out of the research. These restrictions are lifted once we exercise the option described below as to such patents.

Exercise of Options. The Adimab Collaboration Agreement granted us an exclusive option to obtain certain rights relating to a specified number of antibodies discovered or optimized by Adimab directed against the targets we selected. The option extended to ownership of patent rights specifically covering the sequences of such antibodies, and the right to obtain worldwide, royalty-bearing, sublicensable licenses under certain technology owned or developed by Adimab to research, develop, make, have made, use, sell, offer to sell, import and export such antibodies and products based on such antibodies for all human therapeutic, prophylactic and diagnostic uses. These licenses are exclusive, except as to Adimab background and platform technology and Adimab's retained rights to continue using and licensing its own libraries, as to which the licenses are be non-exclusive. We have confirmed with Adimab in writing that key patents we have filed relating to the programs partnered with AbbVie claim inventions owned solely by us, and do not include any such background or platform technology of Adimab. All of our options under the Adimab Collaboration Agreement have either expired, are in the process of being exercised, or, with respect to multiple targets and hundreds of antibodies (including the target programs partnered with AbbVie), have already been exercised. Upon our exercise of the option with respect to a target, we are subject to an obligation to devote commercially reasonable efforts to commercialize products using the optioned rights to such target. The assigned and licensed patent rights we obtained from these option exercises are described in more detail above under the section titled "Business—Intellectual Property."

Financial terms. We fund Adimab's research in connection with our collaboration, in accordance with the terms and limitations described in the Adimab Collaboration Agreement. We also have potential milestone payments per program for use of antibodies and low- to mid-single digit royalty payments for commercial sales of products incorporating such antibodies. However, if we enter into any transaction granting rights to the inventions or sell products created as a result of a collaboration with a third party, we have a choice to pay a share of the resulting revenue instead of royalties from such sales.

Term and Termination. We are able to terminate the Adimab Collaboration Agreement, in its entirety or with respect to a products or antibodies directed to particular targets, on three months prior written notice to Adimab. In addition, either party can terminate the Adimab Agreement in its entirety, or, subject to certain limitations, with respect to specific optioned rights, for material breaches that remain uncured after 90 days' notice to the breaching party. In the case of a termination before expiration of the Adimab Agreement, we would have certain continuing payment obligations to Adimab, or would be required to adhere to certain restrictions as to the fruits of the collaboration. The Adimab Collaboration Agreement expires on the twelfth anniversary of the first commercial sale of the products created under the collaboration, on a product-by-product and country-by-country basis. The licenses we and Adimab granted to each other do not survive, subject to certain limitations.

Manufacturing

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

We do not currently have the infrastructure or internal capability to manufacture our product candidates for use in clinical trials and commercialization. We rely, and expect to continue to rely, on third-party cGMP manufacturers for the production of our products for human clinical trials in compliance with FDA and other foreign authority regulations for such products. We rely on CDMOs to manufacture and supply our preclinical and clinical materials to be used during the preclinical and clinical development of our product candidates. As part of our broad manufacturing strategy to expedite the manufacturing of our product candidates and minimize manufacturing risk, we have established non-exclusive relationships with several CDMOs, including Lonza Biologics for the manufacturing of AL001 and AL002, Celonic AG for the manufacturing of AL003, and EMD Millipore Corporation for the manufacturing of AL101.

We do not have long-term supply agreements and we purchase our required drug product on a development manufacturing services agreement or purchase order basis. We expect to continue to rely on third-party manufacturers for the commercial supply of any of our product candidates for which we obtain marketing approval. We have personnel with significant technical, manufacturing, analytical, quality, regulatory, including cGMP, and project management experience to oversee our third-party manufacturers and to manage manufacturing and quality data and information for regulatory compliance purposes.

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

Commercialization Plan

We do not currently have any approved drugs and we do not expect to have any approved drugs in the near term. Therefore, we have no sales, marketing or commercial product distribution capabilities and have no experience as a company in marketing drugs. When, and if any of our product candidates are approved for commercialization, we intend to develop a commercialization infrastructure for those products in the United States, Europe, Asia, and potentially in certain other key markets. We may also rely on partnerships, such as our AbbVie collaboration, to provide commercialization infrastructure, including sales and marketing and commercial distribution.

Intellectual Property

Our success depends in part on our ability to obtain and maintain proprietary protection for our product candidates, technology and know-how, to operate without infringing the proprietary rights of others and to prevent others from infringing our proprietary rights. Our strategy is to seek to protect our proprietary position by, among other methods, pursuing and obtaining patent protection in the United States and in jurisdictions

outside of the United States related to our proprietary technology, inventions, improvements and product candidates that are important to the development and implementation of our business. Our patent portfolio is intended to cover our product candidates and related components, their methods of use and processes for their manufacture, our proprietary reagents and assays and any other inventions that are commercially important to our business. We also rely on trademarks as well as trade secret protection of our confidential information and know-how relating to our proprietary technology, platforms and product candidates. We believe that we have substantial know-how and trade secrets relating to our technology and product candidates.

Our patent portfolio as of contains over 25 families, which include one issued patent and over 100 pending patent applications, directed to over 15 different targets and/or technologies, that are solely owned or exclusively licensed by us. For our product candidates, we generally pursue multilayered patent protection covering the composition of matter based on binding epitopes of the product candidates on the target protein, functional characteristics of the product candidates, degenerative sequence of the product candidates, and/or specific sequence of the product candidates. In addition to composition of matter coverage, we also generally pursue claims directed to methods of making, nucleic acids, formulations, and methods of use of the product candidates. The method of use claims further include claims directed to patient selection criteria, biomarkers, disease subgroups, pharmacodynamic and clinical end-points, and dosage regimes. As further described below, we intend to strengthen the patent protection of our product candidates and technologies through additional patent application filings.

PGRN Programs

We own three patent families directed to our PGRN programs, AL001 and AL101, which include one issued U.S. patent, four pending U.S. non-provisional patent applications, one pending U.S. provisional patent application, and multiple pending foreign patent applications covering the compositions and uses of our PGRN program product candidates and one U.S. non-provisional patent application to methods of screening. Two patent families are expected to expire in 2036 and the third patent family, assuming that the necessary non-provisional patent applications are timely filed and all other applicable requirements are satisfied for the U.S. provisional patent application, in 2039, in both cases excluding any patent term adjustments and any patent term extensions.

TREM2 Program

We own three patent families directed to the TREM2 program, which include three pending U.S. non-provisional patent applications, and multiple pending foreign patent applications all covering the compositions and uses of our TREM2 program product candidates. The patent families are expected to expire in 2035, 2036, and 2038, respectively, in all cases excluding any patent term adjustments and any patent term extensions.

SIGLEC 3 Program

We own four patent families directed to the SIGLEC 3 program, which include three pending U.S. non-provisional patent applications, one pending U.S. provisional patent application, and multiple pending foreign patent applications covering the compositions and uses of our SIGLEC 3 program product candidates. Two patent families are expected to expire in 2036, the third patent family in 2038, and the fourth patent family, assuming that the necessary non-provisional patent applications are timely filed and all other applicable requirements are satisfied for the U.S. provisional patent application, in 2039, in all cases excluding any patent term adjustments and any patent term extensions.

The term of individual patents depends upon the legal term for patents in the countries in which they are granted. In most countries, including the United States, the patent term is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. In the United States, a patent’s term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the U.S. Patent and Trademark Office in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common

inventor and having an earlier expiration date. The Hatch-Waxman Act permits a patent term extension of up to five years beyond the expiration date of a U.S. patent as partial compensation for the length of time the drug is under regulatory review while the patent is in force. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent applicable to each regulatory review period may be extended and only those claims covering the approved drug, a method for using it or a method for manufacturing it, may be extended.

Similar provisions are available in the European Union and certain other foreign jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our product candidates receive approval by the FDA or foreign regulatory authorities, we expect to apply for patent term extensions on issued patents covering those products, depending upon the length of the clinical trials for each drug and other factors. Expiration dates referred to above are without regard to potential patent term extension or other market exclusivity that may be available to us.

We also rely, in some circumstances, on trade secrets to protect our technology. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by confidentiality agreements with our employees, consultants, scientific advisors and contractors. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems.

Government Regulation

Government authorities in the United States at the federal, state and local level and in other countries regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, post-approval monitoring and reporting, marketing and export and import of drug and biological products. Generally, before a new drug or biologic can be marketed, considerable data demonstrating its quality, safety and efficacy must be obtained, organized into a format specific for each regulatory authority, submitted for review and approved by the regulatory authority.

U.S. Drug Development

In the United States, the FDA regulates drugs under the Food, Drug, and Cosmetic Act (FDCA) and biologics under the FDCA and the Public Health Service Act (PHSA). Both drugs and biologics also are subject to other federal, state and local statutes and regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or post-market may subject an applicant to administrative or judicial sanctions. These sanctions could include, among other actions, the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, untitled or warning letters, product recalls or market withdrawals, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement and civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

Any future product candidates must be approved by the FDA through either a BLA or NDA process before they may be legally marketed in the United States. The process generally involves the following:

- Completion of extensive preclinical studies in accordance with applicable regulations, including studies conducted in accordance with good laboratory practice (GLP);
- Submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- Approval by an independent institutional review board (IRB), or ethics committee at each clinical trial site before each trial may be initiated;

- Performance of adequate and well-controlled human clinical trials in accordance with applicable IND regulations, good clinical practice (GCP), requirements and other clinical trial-related regulations to establish the safety and efficacy of the investigational product for each proposed indication;
- Submission to the FDA of an NDA or BLA;
- A determination by the FDA within 60 days of its receipt of an NDA or BLA to accept the filing for review;
- Satisfactory completion of a FDA pre-approval inspection of the manufacturing facility or facilities where the drug or biologic will be produced to assess compliance with cGMP, requirements to assure that the facilities, methods and controls are adequate to preserve the drug or biologic's identity, strength, quality and purity;
- Potential FDA audit of the preclinical and/or clinical trial sites that generated the data in support of the NDA or BLA;
- FDA review and approval of the NDA or BLA, including consideration of the views of any FDA advisory committee, prior to any commercial marketing or sale of the drug or biologic in the United States; and
- Compliance with any post-approval requirements, including the potential requirement to implement a Risk Evaluation and Mitigation Strategy (REMS), and the potential requirement to conduct post-approval studies.

The data required to support an NDA or BLA are generated in two distinct developmental stages: preclinical and clinical. The preclinical and clinical testing and approval process requires substantial time, effort and financial resources, and we cannot be certain that any approvals for any future product candidates will be granted on a timely basis, or at all.

Preclinical Studies and IND

The preclinical developmental stage generally involves laboratory evaluations of drug chemistry, formulation and stability, as well as studies to evaluate toxicity in animals, which support subsequent clinical testing. The sponsor must submit the results of the preclinical studies, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational product to humans, and must become effective before human clinical trials may begin.

Preclinical studies include laboratory evaluation of product chemistry and formulation, as well as *in vitro* and animal studies to assess the potential for adverse events and in some cases to establish a rationale for therapeutic use. The conduct of preclinical studies is subject to federal regulations and requirements, including GLP regulations for safety/toxicology studies. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, any available clinical data or literature and plans for clinical studies, among other things, to the FDA as part of an IND. Some long-term preclinical testing, such as animal tests of reproductive adverse events and carcinogenicity, may continue after the IND is submitted. An IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions related to one or more proposed clinical trials and places the trial on clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical Trials

The clinical stage of development involves the administration of the investigational product to healthy volunteers or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the clinical trial, dosing procedures,

subject selection and exclusion criteria and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Furthermore, each clinical trial must be reviewed and approved by an IRB for each institution at which the clinical trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative, and must monitor the clinical trial until completed. There also are requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries.

A sponsor who wishes to conduct a clinical trial outside of the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a foreign clinical trial is not conducted under an IND, the sponsor may submit data from the clinical trial to the FDA in support of an NDA or BLA. The FDA will accept a well-designed and well-conducted foreign clinical trial not conducted under an IND if the trial was conducted in accordance with GCP requirements and the FDA is able to validate the data through an onsite inspection if deemed necessary.

Clinical trials in the United States generally are conducted in three sequential phases, known as Phase 1, Phase 2 and Phase 3, and may overlap.

- Phase 1 clinical trials generally involve a small number of healthy volunteers or disease-affected patients who are initially exposed to a single dose and then multiple doses of the product candidate. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, tolerability and safety of the drug.
- Phase 2 clinical trials involve studies in disease-affected patients to determine the dose required to produce the desired benefits. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected, possible adverse effects and safety risks are identified and a preliminary evaluation of efficacy is conducted.
- Phase 3 clinical trials generally involve a large number of patients at multiple sites and are designed to provide the data necessary to demonstrate the effectiveness of the product for its intended use, its safety in use and to establish the overall benefit/risk relationship of the product and provide an adequate basis for product approval. These trials may include comparisons with placebo and/or other comparator treatments. The duration of treatment is often extended to mimic the actual use of a product during marketing.

Post-approval trials, sometimes referred to as Phase 4 clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA or BLA.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA and written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected suspected adverse events, findings from other studies suggesting a significant risk to humans exposed to the drug or biologic, findings from animal or *in vitro* testing that suggest a significant risk for human subjects and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure.

Phase 1, Phase 2, and Phase 3 clinical trials may not be completed successfully within any specified period, if at all. The FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug or biologic has been associated with unexpected serious harm to patients. Additionally, some clinical trials are overseen by an independent group of

qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether a trial may move forward at designated check-points based on access to certain data from the trial. Concurrent with clinical trials, companies usually complete additional animal studies and also must develop additional information about the chemistry and physical characteristics of the drug or biologic as well as finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product and, among other things, companies must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that our product candidates do not undergo unacceptable deterioration over their shelf life.

NDA/BLA Review Process

Following completion of the clinical trials, data is analyzed to assess whether the investigational product is safe and effective for the proposed indicated use or uses. The results of preclinical studies and clinical trials are then submitted to the FDA as part of an NDA or BLA, along with proposed labeling, chemistry and manufacturing information to ensure product quality and other relevant data. In short, the NDA or BLA is a request for approval to market the drug or biologic for one or more specified indications and must contain proof of safety and efficacy for a drug or safety, purity, and potency for a biologic. The application may include both negative and ambiguous results of preclinical studies and clinical trials, as well as positive findings. Data may come from company-sponsored clinical trials intended to test the safety and efficacy of a product's use or from a number of alternative sources, including studies initiated by investigators. To support marketing approval, the data submitted must be sufficient in quality and quantity to establish the safety and efficacy of the investigational product to the satisfaction of FDA. FDA approval of an NDA or BLA must be obtained before a drug or biologic may be marketed in the United States.

Under the Prescription Drug User Fee Act (PDUFA), as amended, each NDA or BLA must be accompanied by a user fee. FDA adjusts the PDUFA user fees on an annual basis. According to the FDA's FY 2019 fee schedule, effective through September 30, 2019, the user fee for an application requiring clinical data, such as an NDA or BLA, is approximately $2.6 million. PDUFA also imposes an annual program fee for each marketed human drug or biologic ($309,915 in 2019) and an annual establishment fee on facilities used to manufacture prescription drugs and biologics. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on NDAs or BLAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA reviews all submitted NDAs and BLAs before it accepts them for filing, and may request additional information rather than accepting the NDA or BLA for filing. The FDA must make a decision on accepting an NDA or BLA for filing within 60 days of receipt. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA or BLA. Under the goals and policies agreed to by the FDA under PDUFA, the FDA has 10 months, from the filing date, in which to complete its initial review of a new molecular-entity NDA or original BLA and respond to the applicant, and six months from the filing date of a new molecular-entity NDA or original BLA designated for priority review. The FDA does not always meet its PDUFA goal dates for standard and priority NDAs or BLAs, and the review process is often extended by FDA requests for additional information or clarification.

Before approving an NDA or BLA, the FDA will conduct a pre-approval inspection of the manufacturing facilities for the new product to determine whether they comply with cGMP requirements. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA also may audit data from clinical trials to ensure compliance with GCP requirements. Additionally, the FDA may refer applications for novel drug products or drug products which present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review,

evaluation and a recommendation as to whether the application should be approved and under what conditions, if any. The FDA is not bound by recommendations of an advisory committee, but it considers such recommendations when making decisions on approval. The FDA likely will reanalyze the clinical trial data, which could result in extensive discussions between the FDA and the applicant during the review process. After the FDA evaluates an NDA or BLA, it will issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete and the application will not be approved in its present form. A Complete Response Letter usually describes all of the specific deficiencies in the NDA or BLA identified by the FDA. The Complete Response Letter may require additional clinical data, additional pivotal Phase 3 clinical trial(s) and/or other significant and time-consuming requirements related to clinical trials, preclinical studies or manufacturing. If a Complete Response Letter is issued, the applicant may either resubmit the NDA or BLA, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information are submitted, the FDA may decide that the NDA or BLA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than we interpret the same data.

Orphan Drugs

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

Orphan drug designation must be requested before submitting an NDA or BLA. After the FDA grants orphan drug designation, the identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process.

If a product that has orphan designation subsequently receives the first FDA approval for the disease or condition 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 to market the same drug for the same indication for seven years from the date of such approval, except in limited circumstances, such as a showing of clinical superiority to the product with orphan exclusivity by means of greater effectiveness, greater safety or providing a major contribution to patient care or in instances of drug supply issues. However, competitors may receive approval of either a different product for the same indication or the same product for a different indication but that could be used off-label in the orphan indication. Orphan drug exclusivity also could block the approval of one of our products for seven years if a competitor obtains approval before we do for the same product, as defined by the FDA, for the same indication we are seeking approval, or if a product candidate is determined to be contained within the scope of the competitor's product for the same indication or disease. If one of our products designated as an orphan drug receives marketing approval for an indication broader than that which is designated, it may not be entitled to orphan drug exclusivity. Orphan drug status in the European Union has similar, but not identical, requirements and benefits.

Expedited Development and Review Programs

The FDA has a fast track program that is intended to expedite or facilitate the process for reviewing new drugs and biologics that meet certain criteria. Specifically, new drugs and biologics are eligible for fast track designation if they are intended to treat a serious or life threatening condition and preclinical or clinical data demonstrate the potential to address unmet medical needs for the condition. Fast track designation applies to both the product and the specific indication for which it is being studied. The sponsor can request the FDA to designate the product for fast track status any time before receiving NDA or BLA approval, but ideally no later than the pre-NDA or pre-BLA meeting.

Any product submitted to the FDA for marketing, including under a fast track program, may be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. Any product is eligible for priority review if it treats a serious or life-threatening condition and, if approved, would provide a significant improvement in safety and effectiveness compared to available therapies.

A product may also be eligible for accelerated approval, if it treats a serious or life-threatening condition and generally provides a meaningful advantage over available therapies. In addition, it must demonstrate an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality (IMM), which is reasonably likely to predict an effect on IMM or other clinical benefit. As a condition of approval, the FDA may require that a sponsor of a drug or biologic receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. If the FDA concludes that a drug or biologic shown to be effective can be safely used only if distribution or use is restricted, it may require such post-marketing restrictions as it deems necessary to assure safe use of the product.

Additionally, a drug or biologic may be eligible for designation as a breakthrough therapy if the product is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over currently approved therapies on one or more clinically significant endpoints. The benefits of breakthrough therapy designation include the same benefits as fast track designation, plus intensive guidance from the FDA to ensure an efficient drug development program. Fast track designation, priority review, accelerated approval and breakthrough therapy designation do not change the standards for approval, but may expedite the development or approval process.

Abbreviated Licensure Pathway of Biological Products as Biosimilar or Interchangeable

The Patient Protection and Affordable Care Act, or Affordable Care Act (ACA), signed into law in 2010, includes the BPCIA, which created an abbreviated approval pathway for biological products shown to be highly similar to an FDA-licensed reference biological product. The BPCIA attempts to minimize duplicative testing, and thereby lower development costs and increase patient access to affordable treatments. An application for licensure of a biosimilar product must include information demonstrating biosimilarity based upon the following, unless the FDA determines otherwise:

- analytical studies demonstrating that the proposed biosimilar product is highly similar to the approved product notwithstanding minor differences in clinically inactive components;
- animal studies (including the assessment of toxicity); and
- a clinical trial or trials (including the assessment of immunogenicity and pharmacokinetic or pharmacodynamic) sufficient to demonstrate safety, purity and potency in one or more conditions for which the reference product is licensed and intended to be used.

In addition, an application must include information demonstrating that:

- the proposed biosimilar product and reference product utilize the same mechanism of action for the condition(s) of use prescribed, recommended or suggested in the proposed labeling, but only to the extent the mechanism(s) of action are known for the reference product;
- the condition or conditions of use prescribed, recommended or suggested in the labeling for the proposed biosimilar product have been previously approved for the reference product;
- the route of administration, the dosage form and the strength of the proposed biosimilar product are the same as those for the reference product; and
- the facility in which the biological product is manufactured, processed, packed or held meets standards designed to assure that the biological product continues to be safe, pure, and potent.

Biosimilarity means that the biological product is highly similar to the reference product notwithstanding minor differences in clinically inactive components; and that there are no clinically meaningful differences between the biological product and the reference product in terms of the safety, purity, and potency of the product. In addition, the law provides for a designation of "interchangeability" between the reference and biosimilar products, whereby the biosimilar may be substituted for the reference product without the intervention of the healthcare provider who prescribed the reference product. The higher standard of interchangeability must be demonstrated by information sufficient to show that:

- the proposed product is biosimilar to the reference product;
- the proposed product is expected to produce the same clinical result as the reference product in any given patient; and
- for a product that is administered more than once to an individual, the risk to the patient in terms of safety or diminished efficacy of alternating or switching between the biosimilar and the reference product is no greater than the risk of using the reference product without such alternation or switch.

FDA approval is required before a biosimilar may be marketed in the United States. However, complexities associated with the large and intricate structures of biological products and the process by which such products are manufactured pose significant hurdles to the FDA's implementation of the law that are still being worked out by the FDA. For example, the FDA has discretion over the kind and amount of scientific evidence—laboratory, preclinical and/or clinical—required to demonstrate biosimilarity to a licensed biological product.

The FDA intends to consider the totality of the evidence provided by a sponsor to support a demonstration of biosimilarity, and recommends that sponsors use a stepwise approach in the development of their biosimilar products. Biosimilar product applications thus may not be required to duplicate the entirety of preclinical and clinical testing used to establish the underlying safety and effectiveness of the reference product. However, the FDA may refuse to approve a biosimilar application if there is insufficient information to show that the active ingredients are the same or to demonstrate that any impurities or differences in active ingredients do not affect the safety, purity or potency of the biosimilar product. In addition, as with BLAs, biosimilar product applications will not be approved unless the product is manufactured in facilities designed to assure and preserve the biological product's safety, purity and potency.

The submission of a biosimilar application does not guarantee that the FDA will accept the application for filing and review, as the FDA may refuse to accept applications that it finds are insufficiently complete. The FDA will treat a biosimilar application or supplement as incomplete if, among other reasons, any applicable user fees assessed under the Biosimilar User Fee Act of 2012 have not been paid. In addition, the FDA may accept an application for filing but deny approval on the basis that the sponsor has not demonstrated biosimilarity, in which case the sponsor may choose to conduct further analytical, preclinical or clinical studies and submit a BLA for licensure as a new biological product.

The timing of final FDA approval of a biosimilar for commercial distribution depends on a variety of factors, including whether the manufacturer of the branded product is entitled to one or more statutory exclusivity periods, during which time the FDA is prohibited from approving any products that are biosimilar to the branded product. The FDA cannot approve a biosimilar application for 12 years from the date of first licensure of the reference product. Additionally, a biosimilar product sponsor may not submit an application for four years from the date of first licensure of the reference product. A reference product may also be entitled to exclusivity under other statutory provisions. For example, a reference product designated for a rare disease or condition (an orphan drug) may be entitled to seven years of exclusivity, in which case no product that is biosimilar to the reference product may be approved until either the end of the twelve-year period provided under the biosimilarity statute or the end of the seven-year orphan drug exclusivity period, whichever occurs later. In certain circumstances, a regulatory exclusivity period can extend beyond the life of a patent, and thus block biosimilarity applications from being approved on or after the patent expiration date. In addition, the FDA may under certain circumstances extend the exclusivity period for the reference product by an additional six months if

the FDA requests, and the manufacturer undertakes, studies on the effect of its product in children, a so-called pediatric extension.

The first biological product determined to be interchangeable with a branded product for any condition of use is also entitled to a period of exclusivity, during which time the FDA may not determine that another product is interchangeable with the reference product for any condition of use. This exclusivity period extends until the earlier of: one year after the first commercial marketing of the first interchangeable product; 18 months after resolution of a patent infringement against the applicant that submitted the application for the first interchangeable product, based on a final court decision regarding all of the patents in the litigation or dismissal of the litigation with or without prejudice; 42 months after approval of the first interchangeable product, if a patent infringement suit against the applicant that submitted the application for the first interchangeable product is still ongoing; or 18 months after approval of the first interchangeable product if the applicant that submitted the application for the first interchangeable product has not been sued.

Post-Approval Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and record-keeping requirements, requirements to report adverse experiences and comply with promotion and advertising requirements, which include restrictions on promoting drugs for unapproved uses or patient populations, known as “off-label use”, and limitations on industry-sponsored scientific and educational activities. Although physicians may prescribe legally available drugs for off-label uses, manufacturers may not market or promote such uses. Prescription drug promotional materials must be submitted to the FDA in conjunction with their first use. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA/BLA or NDA/BLA supplement, which may require the development of additional data or preclinical studies and clinical trials.

The FDA may also place other conditions on approvals including the requirement for REMS, to assure the safe use of the product. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of products. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market, or product recalls;
- fines, warning letters, or holds on post-approval clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications;
- applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Drugs and biologics may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

Other U.S. Regulatory Matters

Manufacturing, sales, promotion and other activities following product approval are also subject to regulation by numerous regulatory authorities in the United States in addition to the FDA, including the Centers for Medicare & Medicaid Services, other divisions of the Department of Health and Human Services, the Department of Justice, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency, and state and local governments.

For example, in the United States, sales, marketing and scientific and educational programs also must comply with state and federal fraud and abuse laws. These laws include the federal Anti-Kickback Statute, which makes it illegal for any person, including a prescription drug manufacturer (or a party acting on its behalf), to knowingly and willfully solicit, receive, offer or pay any remuneration that is intended to induce or reward referrals, including the purchase, recommendation, order or prescription of a particular drug, for which payment may be made under a federal healthcare program, such as Medicare or Medicaid. Violations of this law are punishable by up to five years in prison, criminal fines, administrative civil money penalties and exclusion from participation in federal healthcare programs. Moreover, the ACA provides that 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 False Claims Act.

Pricing and rebate programs must comply with the Medicaid rebate requirements of the U.S. Omnibus Budget Reconciliation Act of 1990 and more recent requirements in the ACA. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. Products must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act. Manufacturing, sales, promotion and other activities also are potentially subject to federal and state consumer protection and unfair competition laws.

The distribution of biologic and pharmaceutical products is subject to additional requirements and regulations, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

The failure to comply with any of these laws or regulatory requirements subjects firms to possible legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in criminal prosecution, fines or other penalties, injunctions, requests for recall, seizure of products, total or partial suspension of production, denial or withdrawal of product approvals or refusal to allow a firm to enter into supply contracts, including government contracts. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management’s attention from the operation of our business. Prohibitions or restrictions on sales or withdrawal of future products marketed by us could materially affect our business in an adverse way.

Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: changes to our manufacturing arrangements; additions or modifications to product labeling; the recall or discontinuation of our products; or additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

U.S. Patent-Term Restoration and Marketing Exclusivity

Depending upon the timing, duration and specifics of FDA approval of any future product candidates, some of our U.S. patents may be eligible for limited patent term extension under the Hatch-Waxman Act. The Hatch-Waxman Act permits restoration of the patent term of up to five years as compensation for patent term lost during product development and FDA regulatory review process. Patent-term restoration, however, cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date. The patent-term restoration period is generally one-half the time between the effective date of an IND and the submission date of an NDA or BLA plus the time between the submission date of an NDA or BLA and the approval of that application, except that the review period is reduced by any time during which the applicant failed to exercise due diligence. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. The USPTO, in consultation with the FDA, reviews and approves the application for any patent term extension or restoration. In the future, we may apply for restoration of patent term for our currently owned or licensed patents to add patent life beyond its current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA or BLA.

Market exclusivity provisions under the FDCA also can delay the submission or the approval of certain applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain approval of a NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not accept for review an abbreviated new drug application (ANDA), or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for a NDA, 505(b)(2) NDA or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example, new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

A reference biological product is granted 12 years of data exclusivity from the time of first licensure of the product, and the FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product. "First licensure" typically means the initial date the particular product at issue was licensed in the United States. Date of first licensure does not include the date of licensure of (and a new period of exclusivity is not available for) a biological product if the licensure is for a supplement for the biological product or for a subsequent application by the same sponsor or manufacturer of the biological product (or licensor, predecessor in interest or other related entity) for a change (not including a modification to the structure of the biological product) that results in a new indication, route of administration, dosing schedule, dosage form, delivery system, delivery device or strength or for a modification to the structure of the biological product that does not result in a change in safety, purity or potency. Therefore, one must determine whether a new product includes a modification to the structure of a previously licensed product that results in a change in safety, purity or potency to assess whether the licensure of the new product is a first licensure that triggers its own period of exclusivity. Whether a subsequent application, if approved, warrants exclusivity as the "first licensure" of a biological product is determined on a case-by-case basis with data submitted by the sponsor.

European Union Drug Development

Similar to the United States, the various phases of preclinical and clinical research in the European Union are subject to significant regulatory controls. Although the EU Clinical Trials Directive 2001/20/EC has sought to harmonize the EU clinical trials regulatory framework, setting out common rules for the control and authorization of clinical trials in the EU, the EU Member States have transposed and applied the provisions of the Directive differently. This has led to significant variations in the member state regimes. Under the current regime, before a clinical trial can be initiated it must be approved in each of the EU countries where the trial is to be conducted by two distinct bodies: the National Competent Authority (NCA), and one or more Ethics Committees (ECs). Under the current regime all suspected unexpected serious adverse reactions to the investigated drug that occur during the clinical trial have to be reported to the NCA and ECs of the Member State where they occurred.

The EU clinical trials legislation currently is undergoing a transition process mainly aimed at harmonizing and streamlining clinical-trial authorization, simplifying adverse-event reporting procedures, improving the supervision of clinical trials and increasing their transparency. Recently enacted Clinical Trials Regulation EU No 536/2014 ensures that the rules for conducting clinical trials in the EU will be identical. In the meantime, Clinical Trials Directive 2001/20/EC continues to govern all clinical trials performed in the EU.

European Union Drug Review and Approval

In the European Economic Area (EEA), which is comprised of the 27 Member States of the European Union (including Norway and excluding Croatia), Iceland and Liechtenstein, medicinal products can only be commercialized after obtaining a Marketing Authorization (MA). There are two types of marketing authorizations.

- The Community MA is issued by the European Commission through the Centralized Procedure, based on the opinion of the Committee for Medicinal Products for Human Use (CHMP), of the European Medicines Agency (EMA), and is valid throughout the entire territory of the EEA. The Centralized Procedure is mandatory for certain types of products, such as biotechnology medicinal products, orphan medicinal products, advanced-therapy medicines such as gene-therapy, somatic cell-therapy or tissue-engineered medicines and medicinal products containing a new active substance indicated for the treatment of HIV, AIDS, cancer, neurodegenerative disorders, diabetes, auto-immune and other immune dysfunctions and viral diseases. The Centralized Procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the EU.
- National MAs, which are issued by the competent authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the Centralized Procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in another Member States through the Mutual Recognition Procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the Decentralized Procedure. Under the Decentralized Procedure an identical dossier is submitted to the competent authorities of each of the Member States in which the MA is sought, one of which is selected by the applicant as the Reference Member State (RMS). The competent authority of the RMS prepares a draft assessment report, a draft summary of the product characteristics (SPC), and a draft of the labeling and package leaflet, which are sent to the other Member States (referred to as the Member States Concerned) for their approval. If the Member States Concerned raise no objections, based on a potential serious risk to public health, to the assessment, SPC, labeling or packaging proposed by the RMS, the product is subsequently granted a national MA in all the Member States (i.e., in the RMS and the Member States Concerned).

Under the above described procedures, before granting the MA, the EMA or the competent authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

Coverage and Reimbursement

Sales of our products will depend, in part, on the extent to which our products will be covered by third-party payors, such as government health programs, commercial insurance and managed healthcare organizations. In the United States, no uniform policy of coverage and reimbursement for drug or biological products exists. Accordingly, decisions regarding the extent of coverage and amount of reimbursement to be provided for any of our products will be made on a payor-by-payor basis. As a result, the coverage determination process is often a time-consuming and costly process that will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage and adequate reimbursement will be obtained.

The United States government, state legislatures, and foreign governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid healthcare costs, including price-controls, restrictions on reimbursement, and requirements for substitution of generic products for branded prescription drugs. For example, the ACA contains provisions that may reduce the profitability of drug products through increased rebates for drugs reimbursed by Medicaid programs, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs. Adoption of general controls and measures, coupled with the tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceutical drugs.

The Medicaid Drug Rebate Program requires pharmaceutical manufacturers to enter into and have in effect a national rebate agreement with the Secretary of the Department of Health and Human Services as a condition for states to receive federal matching funds for the manufacturer's outpatient drugs furnished to Medicaid patients. The ACA made several changes to the Medicaid Drug Rebate Program, including increasing pharmaceutical manufacturers' rebate liability by raising the minimum basic Medicaid rebate on most branded prescription drugs from 15.1% of average manufacturer price (AMP), to 23.1% of AMP and adding a new rebate calculation for "line extensions" (i.e., new formulations, such as extended release formulations) of solid oral dosage forms of branded products, as well as potentially impacting their rebate liability by modifying the statutory definition of AMP. The ACA also expanded the universe of Medicaid utilization subject to drug rebates by requiring pharmaceutical manufacturers to pay rebates on Medicaid managed care utilization and by enlarging the population potentially eligible for Medicaid drug benefits. The Centers for Medicare & Medicaid Services (CMS), have proposed to expand Medicaid rebate liability to the territories of the United States as well.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), established the Medicare Part D program to provide a voluntary prescription drug benefit to Medicare beneficiaries. Under Part D, Medicare beneficiaries may enroll in prescription drug plans offered by private entities that provide coverage of outpatient prescription drugs. Unlike Medicare Part A and B, Part D coverage is not standardized. While all Medicare drug plans must give at least a standard level of coverage set by Medicare, Part D prescription drug plan sponsors are not required to pay for all covered Part D drugs, and each drug plan can develop its own drug formulary that identifies which drugs it will cover and at what tier or level. However, Part D prescription drug formularies must include drugs within each therapeutic category and class of covered Part D drugs, though not necessarily all the drugs in each category or class. Any formulary used by a Part D prescription drug plan must be developed and reviewed by a pharmacy and therapeutic committee. Government payment for some of the costs of prescription drugs may increase demand for products for which we receive marketing approval. However, any negotiated prices for our products covered by a Part D prescription drug plan likely will be lower than the prices we might otherwise obtain. Moreover, while the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own payment rates. Any reduction in payment that results from the MMA may result in a similar reduction in payments from non-governmental payors.

For a drug product to receive federal reimbursement under the Medicaid or Medicare Part B programs or to be sold directly to U.S. government agencies, the manufacturer must extend discounts to entities eligible to participate in the 340B drug pricing program. The required 340B discount on a given product is calculated based on the AMP and Medicaid rebate amounts reported by the manufacturer.

As noted above, the marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. An increasing emphasis on cost containment measures in the United States has increased and we expect will continue to increase the pressure on pharmaceutical pricing. Coverage policies and third-party reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

In addition, in most foreign countries, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing and reimbursement vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. There can be no assurance that any country that has price controls or reimbursement limitations for pharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. Historically, products launched in the European Union do not follow price structures of the United States and generally prices tend to be significantly lower.

Scientific Advisory Board

We have assembled a highly qualified scientific advisory board comprised of advisors who have, collectively, deep expertise in neurodegenerative diseases, genomics, protein engineering, drug development, and drug discovery as well as translational medicine. Our scientists work in collaboration with these advisors to identify new disease targets, develop a biomarker strategy, and accelerate discovery and development.

Name	Affiliated Entity
Adam Boxer, M.D., Ph.D.	Director of UCSF Neuroscience Clinical Research Unit
Marco Colonna, M.D.	Washington University School of Medicine in St. Louis
Stephen Hauser, M.D.	Chair of the Department of Neurology at UCSF
Michael Heneka, M.D.	Chair of the Department of Neurology at University of Bonn
Lewis Lanier, Ph.D.	Chair of the Department of Microbiology and Immunology at UCSF
Liqun Luo, Ph.D.	Member of National Academy of Sciences, Stanford University
Bruce Miller, M.D.	Director of UCSF Dementia Center
Richard Scheller, Ph.D.	Member of National Academy of Sciences, 23andMe
Thomas Christian Südhof, M.D., Ph.D.	Nobel Laureate, Stanford University
Robert Vassar, Ph.D.	Feinberg School of Medicine

Employees

As of June 30, 2018, we had 57 full-time employees, over 70% of whom were engaged in research and development activities. None of our employees are represented by a labor union or covered under a collective bargaining agreement.

Facilities

Our corporate headquarters are currently located in South San Francisco, California, where we lease 15,748 square feet of office, research and development, engineering, and laboratory space pursuant to a lease agreement that expires in April 2019. We lease 8,763 square feet of additional office and laboratory space in Milpitas, California. In order to accommodate our anticipated growth in connection with our future development and commercialization efforts, we recently entered into a lease agreement for new corporate headquarters. Our new corporate headquarters will provide for approximately 105,000 square feet of office and laboratory space in South San Francisco, California. The term of the lease agreement expires 10 years from the later date of when the premises are ready for occupancy and May 1, 2019, with an option to extend the term of the lease for an additional 10 years. The new lease agreement also provides us a right of first offer to expand into available office space in the building. We currently anticipate that we will begin occupying this new space beginning in May 2019. We believe that these facilities will be adequate for our near-term needs. If required, we believe that suitable additional or alternative space would be available in the future on commercially reasonable terms.

Legal Proceedings

From time to time, we may become involved in litigation or other legal proceedings. We are not currently a party to any litigation or legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the names, ages, and positions of our executive officers and directors as of September 30, 2018:

Name	Age	Position
Executive Officers:		
Arnon Rosenthal, Ph.D.	63	Co-Founder, Chief Executive Officer, and Director
Robert Paul, M.D., Ph.D.	51	Chief Medical Officer
Robert King, Ph.D.	55	Chief Development Officer
Sabah Oney, Ph.D.	36	Chief Business Officer
Calvin Yu	42	Vice President, Finance
Non-Employee Directors:		
Tillman Gerngross, Ph.D.	54	Co-Founder and Chairperson
Christine Brennan, Ph.D.	49	Director
Carl Gordon, Ph.D., C.F.A.	53	Director
Terry McGuire	61	Director
Richard Scheller, Ph.D.	64	Director
David Wehner	49	Director

(1) Member of the audit committee
(2) Member of the compensation committee
(3) Member of the corporate governance and nominating committee

Executive Officers

Arnon Rosenthal, Ph.D., Co-Founder, Chief Executive Officer, and Director Dr. Rosenthal co-founded Alector in 2013 and has served as a member of our board of directors, as Chief Executive Officer, and as our President since 2013. Dr. Rosenthal co-founded Annexon Biosciences, Inc. and served as its acting Chief Executive Officer from August 2011 to December 2014 and served as a member of the board of directors, including as Chairman from August 2011 February 2017. Dr. Rosenthal co-founded Rinat Neuroscience Corporation (acquired by Pfizer Inc. in August 2006), and served as President, Chief Scientific Officer and as a member of the board of directors from August 2001 to August 2006. From January 1985 to August 2001, Dr. Rosenthal served in various roles at Genentech, Inc., where he ultimately served as Staff Scientist and was appointed as a permanent member of Genentech's Research Review Committee where his team discovered the target for the cancer drug Erivedge. Dr. Rosenthal conducted his post-doctoral fellowship at Genentech, Inc. He holds a Ph.D. in biology from the Hebrew University of Jerusalem.

We believe Dr. Rosenthal is qualified to serve on our board of directors because of the perspective and experience he provides as one of our founders and as our Chief Executive Officer, his experience as a founder and director of other life sciences companies, his educational background, as well as his broad experience within the pharmaceutical industry, particularly in the area of neuroscience and drug discovery and development.

Robert Paul, M.D., Ph.D., Chief Medical Officer. Dr. Paul has served as our Chief Medical Officer since October 2016. Dr. Paul joined Alector from Genentech, Inc., where he held various roles of increasing responsibility between 2009 and 2016, including as Assistant Group Medical Director and TA Head Neuroscience Early Clinical Development gRED from October 2015 to October 2016, as Senior Medical Director from October 2013 to September 2015, as Medical Director from September 2011 to October 2013, and as Associate Medical Director from January 2009 to September 2011. From May 2002 to December 2008, Dr. Paul served as a Neurologist at the University of Munich. Dr. Paul is a board certified neurologist in Germany. He received a M.D. and a Ph.D. from Ludwig-Maximilians Universität München.

Robert King, Ph.D., Chief Development Officer. Dr. King has served as our Chief Development Officer since January 2017. Dr. King joined Alector from SciClone Pharmaceuticals, Inc. (acquired by a consortium led by GL Capital Partners, LLC), a biotechnology company, where he served as Senior Vice President of Product Development and Supply Chain from June 2011 to January 2017. Prior to SciClone Pharmaceuticals, Dr. King served as VP of Product Development and Manufacturing at Bayhill Therapeutics, Inc., a biotechnology company from 2006 to 2011. Dr. King served as VP Product Development and Manufacturing at Rinat Neuroscience Corp. (acquired by Pfizer), a biotechnology company, from 2003 to 2006. Dr. King served in positions of increasing responsibility at COR Therapeutics, Inc. (acquired by Millennium Pharmaceuticals, Inc. in 2002) from 1993 to 2003. From 1991 to 1993, Dr. King served as a Scientist in the Purification and Pharmaceutical Sciences groups. From 1988 to 1991, Dr. King was a Scientist at Molecular Devices Corporation. Dr. King received a Ph.D. in Chemical Engineering from the University of California, Berkeley, and a B.S. in Chemical Engineering from the University of Washington.

Sabah Oney, Ph.D., Chief Business Officer. Dr. Oney joined Alector in October 2016. He has served as our Chief Business Officer since January 2018 and previously as our Vice President of Business Development and Operations since October 2016. From January 2016 until October 2016, Dr. Oney served as a consultant to a number of biotechnology companies. Dr. Oney previously served as Head of Global Sales and Business Development at Ariosa Diagnostics, Inc. (now a member of Roche Holding AG), a biotechnology company, from October 2015 to January 2016, and as Director of Business Development from September 2012 to October 2015. Dr. Oney received a Ph.D. in Genetics and Genomics from Duke University, an M.B.A. from Stanford University Graduate School of Business, and a B.S. in Genetics from the University of Kansas.

Calvin Yu, Vice President, Finance. Mr. Yu has led our Finance team since June 2017. Mr. Yu joined Alector from Stemcentrx, Inc. (acquired by AbbVie), a biotechnology company, where he served as Corporate Controller from February 2016 to June 2017. Prior to Stemcentrx, Mr. Yu held several senior level finance roles at publicly traded biotechnology companies, including Senior Director of Finance and SEC Reporting at Adverum Biotechnologies, Inc. from September 2014 to February 2016, and Controller at Five Prime Therapeutics, Inc. from March 2010 to September 2014. Mr. Yu received his B.S. in Accounting from San Francisco State University, College of Business.

Non-Employee Directors

Tillman Gerngross, Ph.D., Co-Founder and Chairperson. Dr. Gerngross co-founded Alector in 2013 and has served as a member of our board of directors and as Chairperson since 2013. Dr. Gerngross is a founder, director, and executive officer of numerous biotechnology companies. He is a founder and currently serving as Chief Executive Officer and as a director of Abimab, LLC. He is also a founder and Chairman of the board of directors of Avitide, Inc. and a founder and the Chairman of the board of directors of Arsanis, Inc. Dr. Gerngross is currently a Venture Partner at SV Life Sciences Advisors, LLC, which he joined in 2006. Dr. Gerngross co-founded GlycoFi, Inc. and served as its Chief Scientific Officer from 2000 to 2006 until it was acquired by Merck & Company, Inc. Dr. Gerngross currently teaches in the departments of Biology and Chemistry, as well as at the School of Engineering at Dartmouth College, where he has taught since 1998. Dr. Gerngross attended the Technical University of Vienna, Austria, where he received a B.S. and M.S. in Chemical Engineering and a Ph.D. in Molecular Biology.

We believe Dr. Gerngross is qualified to serve on our board of directors because of the perspective and experience he provides as one of our founders, his expertise and experience in antibody drug discovery and development, his experience as a founder and director of other life sciences companies, his educational background, and his experience working in the venture capital industry.

Christine Brennan, Ph.D. Dr. Brennan has served as a member of our board of directors since 2017. Dr. Brennan is a partner at MRL Ventures Fund LLC, a life sciences venture capital firm, which she joined in 2017. Prior to joining MRL, from 2013 to 2017, Dr. Brennan served as a Principal at the Novartis Venture Fund.

From 2010 to 2013, Dr. Brennan served as Chief Business Officer of Vitae Pharmaceuticals, Inc. She holds a Ph.D. in neurophysiology from Dartmouth College, completed post-doctoral research in developmental neurobiology at the National Institutes of Health, and holds a B.S. in biochemistry from the University of New Hampshire.

We believe Dr. Brennan is qualified to serve on our board of directors because of her expertise and experience working as an executive of a pharmaceutical company, her broad experience working as a director of business development and head of strategy and operations at several life science companies, and her experience working in the venture capital industry.

Carl Gordon, Ph.D., C.F.A. Dr. Gordon has served as a member of our board of directors since 2013. In addition, Dr. Gordon is a Founding Partner and Co-Head of Global Private Equity at OrbiMed Advisors, LLC, a position in which he has served since January 1998. Dr. Gordon currently serves as a director of ARMO BioSciences Inc. and Arsanis, Inc. He also served on the boards of directors of Selecta Biosciences, Inc., a publicly traded biopharmaceutical company, from 2010 to June 2017, and Intellia Therapeutics, Inc., a publicly traded biotechnology company, from August 2015 to July 2017. He received his Ph.D. in Biology from the Massachusetts Institute of Technology and a B.A. from Harvard College in Chemistry and Physics.

We believe Dr. Gordon is qualified to serve on our board of directors because of his expertise and experience in the biotechnology industry through his role as Founding Partner and Co-Head of Global Private Equity at OrbiMed over a 20-year period, in which he has been involved in the evaluation, investment and oversight of several biotechnology companies, his experience as a director of other life sciences companies, as well as his scientific educational background.

Terry McGuire. Mr. McGuire has served as a member of our board of directors since 2013. Additionally, Mr. McGuire is a Founding Partner of Polaris Partners, a venture capital firm investing in technology and healthcare companies across all stages of development, where he has worked since 1996. Mr. McGuire serves as Chairman of the board of directors of Ironwood Pharmaceuticals, Inc., a publicly traded drug manufacturer, and has served as a director since 1998. Mr. McGuire also currently serves on the boards of directors of Pulmatrix, Inc., a publicly traded biopharmaceutical company, where he has served since May 2016. From January 2008 to July 2014, Mr. McGuire served on the board of directors of Trevena, Inc., a publicly traded biopharmaceutical company. Mr. McGuire is emeritus Chairman of the National Venture Capital Association, Chairman of the Global Ventures Capital Congress and chairs the board of the Thayer School of Engineering at Dartmouth College. He also sits on the boards of Massachusetts Institute of Technology's The David H. Koch Institute for Integrative Cancer Research, The Arthur Rock Center for Entrepreneurship at Harvard Business School and The Healthcare Initiative Advisory Board. Mr. McGuire holds an M.B.A. from Harvard Business School, and a M.S. in engineering from the Thayer School at Dartmouth College, and a B.S. in physics and economics from Hobart College.

We believe Mr. McGuire is qualified to serve on our board of directors because of his expertise and experience in the biotechnology industry through his role as a Founding Partner of Polaris Partners and his cumulative career in venture capital over a period spanning over 35 years, in which he has been involved in the evaluation, investment and oversight of numerous biotechnology companies, as well as his experience as a director of several biotechnology companies, including other public companies.

Richard Scheller, Ph.D. Dr. Scheller has served as a member of our board of directors since October 2018. Dr. Scheller has been Chief Scientific Officer at 23andMe, a personal genetics company, since 2015. Previously, Dr. Scheller was the Executive Vice President of Research and Early Development and a member of the Executive Committee at Genentech, Inc. from February 2001 to December 2014. From January 2009 to December 2014, Dr. Scheller was also a member of the Enlarged Executive Committee at Hoffmann-La Roche Ltd. Since February 2015, Dr. Scheller has served as a member of the board of directors for ORIC Pharmaceuticals, Inc. Since March 2015, Dr. Scheller has served as a member of the board of directors for Xenon

Pharmaceuticals Inc. Since January 2018, Dr. Scheller has served as a member of the board of directors of BridgeBio Inc. Dr. Scheller's research on elucidating the molecular machinery and regulatory mechanism that underlie the release of neurotransmitters earned him the 2013 Albert Lasker Basic Medical Research Award. He is a member of the National Academy of Sciences and a member of the National Academy of Medicine. Dr. Scheller holds a Ph.D. in Chemistry from the California Institute of Technology and B.Sc. in Biochemistry from the University of Wisconsin-Madison. He completed his post-doctorate in Molecular Neurobiology at Columbia University.

We believe Dr. Scheller is qualified to serve on our board of directors because of his scientific background and his senior management experience in the pharmaceutical industry.

David Wehner. Mr. Wehner has served as a member of our board of directors since October 2018. He has served as Chief Financial Officer of Facebook, Inc. since June 2014. Mr. Wehner joined Facebook, Inc. in November 2012 as Vice President, Corporate Finance and Business Planning. From August 2010 until November 2012, Mr. Wehner served as Chief Financial Officer at Zynga Inc., a provider of social game services. From February 2001 to July 2010, Mr. Wehner served in various positions at Allen & Company, an investment bank, including as a Managing Director from November 2006 to July 2010 and as a director from December 2005 to November 2006. Mr. Wehner holds an M.S. in applied physics from Stanford University and a B.S. in chemistry from Georgetown University.

We believe Mr. Wehner is qualified to serve on our board of directors based on his substantial executive, strategy, finance and operational experience.

Board Composition

Our board of directors currently consists of members. After the completion of this offering, the number of directors will be fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws. Each of our current directors will continue to serve as a director until the election and qualification of his or her successor, or until his or her earlier death, resignation or removal.

Our amended and restated certificate of incorporation will provide that our board of directors will be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our current directors will be divided among the three classes as follows:

- the Class I directors will be , and their terms will expire at the annual meeting of stockholders to be held in 2019;
- the Class II directors will be , and their terms will expire at the annual meeting of stockholders to be held in 2020; and
- the Class III directors will be , and their terms will expire at the annual meeting of stockholders to be held in 2021.

At each annual meeting of stockholders, upon the expiration of the term of a class of directors, the successor to each such director in the class will be elected to serve from the time of election and qualification until the third annual meeting following his or her election and until his or her successor is duly elected and qualified, in accordance with our amended and restated certificate of incorporation. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors.

This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Director Independence

Upon the completion of this offering, we anticipate that our common stock will be listed on . Under the rules of , independent directors must comprise a majority of a listed company's board of directors within one year of the completion of this offering. In addition, the rules of require that, subject to specified exceptions, each member of a listed company's audit, compensation and corporate governance, and nominating committees be independent. Audit committee members and compensation committee members must also satisfy the independence criteria set forth in Rule 10A-3 and Rule 10C-1, respectively, under the Exchange Act. Under the rules of , a director will only qualify as an "independent director" if, in the opinion of that company's board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To be considered to be independent for purposes of Rule 10A-3 and under the rules of , a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries or (2) be an affiliated person of the listed company or any of its subsidiaries.

To be considered independent for purposes of Rule 10C-1 and under the rules of , the board of directors must affirmatively determine that each member of the compensation committee is independent, including a consideration of all factors specifically relevant to determining whether the director has a relationship to the company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: (1) the source of compensation of such director, including any consulting, advisory, or other compensatory fee paid by the company to such director and (2) whether such director is affiliated with the company, a subsidiary of the company or an affiliate of a subsidiary of the company.

Our board of directors undertook a review of its composition, the composition of its committees, and the independence of our directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his background, employment, and affiliations, including family relationships, our board of directors has determined that , representing of our directors, do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of .

In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions." There are no family relationships among any of our directors or executive officers.

Board Leadership Structure

Our board of directors is currently chaired by Dr. Gerngross. As a general policy, our board of directors believes that separation of the positions of Chairperson of our board of directors and Chief Executive Officer reinforces the independence of our board of directors from management, creates an environment that encourages objective oversight of management's performance and enhances the effectiveness of our board of directors as a whole. As such, Dr. Rosenthal serves as our Chief Executive Officer while Dr. Gerngross serves as the Chairperson of our board of directors but is not an officer. We currently expect and intend the positions of Chairperson of our board of directors and Chief Executive Officer to continue to be held by two individuals in the future.

Role of the Board in Risk Oversight

Our board of directors has an active role, as a whole and also at the committee level, in overseeing the management of our risks. Our board of directors is responsible for general oversight of risks and regular review of information regarding our risks, including credit risks, liquidity risks, and operational risks. The compensation committee is responsible for overseeing the management of risks relating to our executive compensation plans and arrangements. The audit committee is responsible for overseeing the management of risks relating to accounting matters and financial reporting. The corporate governance and nominating committee is responsible for overseeing the management of risks associated with the independence of our board of directors and potential conflicts of interest. Although each committee is responsible for evaluating certain risks and overseeing the management of such risks, our entire board of directors is regularly informed through discussions from committee members about such risks. Our board of directors believes its administration of its risk oversight function has not negatively affected the board of directors' leadership structure.

Board Committees

Our board of directors has an audit committee, a compensation committee, and a corporate governance and nominating committee, each of which has the composition and the responsibilities described below.

Audit Committee

The members of our audit committee are . is the chair of our audit committee. is our audit committee financial expert, as that term is defined under the SEC rules implementing Section 407 of SOX, and possesses financial sophistication, as defined under the rules of . Our audit committee oversees our corporate accounting and financial reporting process and assists our board of directors in monitoring our financial systems. Our audit committee will also:

- select and hire the independent registered public accounting firm to audit our financial statements;
- help to ensure the independence and performance of the independent registered public accounting firm;
- approve audit and non-audit services and fees;
- review financial statements and discuss with management and the independent registered public accounting firm our annual audited and quarterly financial statements, the results of the independent audit and the quarterly reviews and the reports and certifications regarding internal controls over financial reporting and disclosure controls;
- prepare the audit committee report that the SEC requires to be included in our annual proxy statement;
- review reports and communications from the independent registered public accounting firm;
- review the adequacy and effectiveness of our internal controls and disclosure controls and procedure;
- review our policies on risk assessment and risk management;
- review related party transactions; and
- establish and oversee procedures for the receipt, retention, and treatment of accounting related complaints and the confidential submission by our employees of concerns regarding questionable accounting or auditing matters.

Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, which will satisfy the applicable rules of the SEC and the listing standards of .

Compensation Committee

The members of our compensation committee are . is the chair of our compensation committee. Our compensation committee oversees our compensation policies, plans, and benefits programs. The compensation committee will also:

- oversee our overall compensation philosophy and compensation policies, plans, and benefit programs;
- review and approve or recommend to the board of directors for approval compensation for our executive officers and directors;
- prepare the compensation committee report that the SEC will require to be included in our annual proxy statement; and
- administer our equity compensation plans.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering, which will satisfy the applicable rules of the SEC and the listing standards of .

Corporate Governance and Nominating Committee

The members of our corporate governance and nominating committee are . is the chairman of our corporate governance and nominating committee. Our corporate governance and nominating committee oversees and assists our board of directors in reviewing and recommending nominees for election as directors. Specifically, the corporate governance and nominating committee will:

- identify, evaluate, and make recommendations to our board of directors regarding nominees for election to our board of directors and its committees;
- consider and make recommendations to our board of directors regarding the composition of our board of directors and its committees;
- review developments in corporate governance practices;
- evaluate the adequacy of our corporate governance practices and reporting; and
- evaluate the performance of our board of directors and of individual directors.

Our corporate governance and nominating committee will operate under a written charter, to be effective prior to the completion of this offering, which will satisfy the applicable rules of the SEC and the listing standards of .

Scientific Advisory Board Compensation

Each member of our scientific advisory board earns $ annually for service as a member of our scientific advisory board. We also reimburse each member of our scientific advisory board for all reasonable and necessary expenses in connection with the performance of his or her services. In addition, we grant each new member an option to purchase shares of our common stock, of which of the shares vest on each anniversary of the date of commencement of service on the scientific advisory board. Members of the scientific advisory board who are also our employees or directors receive no additional compensation for their service on the scientific advisory board.

Director Compensation

To date, none of our non-employee directors has received any cash or equity compensation for serving on our board of directors, other than Dr. Gerngross. We do reimburse our directors for expenses associated with attending meetings of our board of directors and committees of our board of directors. Following the completion of this offering, we expect to implement an annual cash and equity compensation program for our non-employee directors.

The following table presents the total compensation each of our non-employee directors received during the year ended December 31, 2017. Other than as set forth in the table, we did not pay any compensation, make any equity awards or non-equity awards to or pay any other compensation to any of our non-employee directors in 2017.

	Fees Earned or Paid in Cash ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Tillman Gerngross, Ph.D.(1)	—	—	60,000	60,000
Christine Brennan, Ph.D.	—	—	—	—
Carl Gordon, Ph.D., C.F.A.	—	—	—	—
Terry McGuire	—	—	—	—
Richard Scheller, Ph.D.(2)	—	—	—	—
David Wehner(3)	—	—	—	—

(1) We paid Dr. Gerngross $60,000 in consulting fees in 2017.
(2) Dr. Scheller did not serve as a director in 2017. He was appointed to our board of directors in October 2018.
(3) Mr. Wehner did not serve as a director in 2017. He was appointed to our board of directors in October 2018.

Directors who are also our employees receive no additional compensation for their service as directors. Dr. Rosenthal was our only employee director during 2017. See the section titled “Executive Compensation” for additional information about Dr. Rosenthal’s compensation.

Compensation Committee Interlocks and Inside Participation

None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past fiscal year has served, as a member of the board of directors or compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Code of Business Conduct and Ethics

Prior to the closing of this offering, we intend to adopt a written code of business conduct and ethics that will apply to our directors, officers, and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller or, persons performing similar functions. Following this offering, the code of business conduct and ethics will be available on our website at www.alector.com. We intend to disclose future amendments to such code, or any waivers of its requirements, applicable to any principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions, or our directors on our website identified above. Information contained on the website is not incorporated by reference into this prospectus and should not be considered to be part of this prospectus.

EXECUTIVE COMPENSATION

Our named executive officers for the year ended December 31, 2017, which consist of our principal executive officer and the next two most highly compensated executive officers, are:

- Arnon Rosenthal, Ph.D., our Co-Founder and Chief Executive Officer;
- Robert King, Ph.D., our Chief Development Officer; and
- Sabah Oney, Ph.D., our Chief Business Officer.

Summary Compensation Table

The following table sets forth information regarding the compensation of our named executive officers for the year ended December 31, 2017.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	All Other Compensation ($)	Total ($)
Arnon Rosenthal, Ph.D. *Co-Founder and Chief Executive Officer*	2017	$370,001	$140,600(2)	$2,881,057	$ 3,564(3)	$3,395,222
Robert King, Ph.D. *Chief Development Officer*	2017	$316,898	$103,700(2)	$1,309,005	$ 1,180(3)	$1,730,783
Sabah Oney, Ph.D. *Chief Business Officer*	2017	$220,001	$ 60,090(2)	$1,156,413	$ 420(3)	$1,436,924

(1) The amounts disclosed represent the aggregate grant date fair value of the award as calculated in accordance with ASC 718. The assumptions used in calculating the grant date fair value of the award disclosed in this column are set forth in the notes to our audited financial statements included elsewhere in this prospectus. These amounts do not correspond to the actual value that may be recognized by the named executive officers upon vesting of the applicable awards.

(2) Amounts reported represents a bonus based upon the achievement of company objectives for the year ended December 31, 2017, which was paid in March 2018.

(3) Amounts reported include life insurance premiums paid by us on behalf of our named executive officers.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning outstanding equity awards held by each of our named executive officers as of December 31, 2017:

	Stock Awards		
Name	Grant Date	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested ($)(3)
Arnon Rosenthal, Ph.D.	04/10/2015(1)	61,850(4)	$ 429,858
	07/17/2015(1)	83,372(5)	$ 579,436
	08/09/2017(1)	269,369(6)	$ 1,872,115
	08/09/2017(2)	167,279(7)	$ 1,162,589
Robert King, Ph.D.	01/26/2017(1)	537,317(8)	$ 3,734,354
Sabah Oney, Ph.D.	10/21/2016(1)	285,728(9)	$ 1,985,810
	08/09/2017(1)	174,659(10)	$ 1,213,880

(1) This restricted stock grant of our common stock was granted pursuant to our 2017 Plan. The applicable grants listed above were initially made as restricted units and profit interest units of Alector LLC. Upon the

Conversion of Alector LLC into Alector, Inc. on October 13, 2017, the restricted units were converted on a one-for-one basis into shares of restricted common stock of Alector, Inc. and the profit interest units were converted into restricted common stock of Alector, Inc., net of the value equal to the aggregate strike price of the profit interest units.

(2) This restricted stock grant of our common stock was granted outside of the 2017 Plan, but is subject to the terms of the 2017 Plan as if the grant was made under the 2017 Plan (except with respect to the forfeiture of unvested shares). The applicable grant listed above was initially made as grants of restricted units of Alector LLC, and upon the conversion of Alector LLC into Alector, Inc. on October 13, 2017, the restricted units were then converted into shares of restricted common stock of Alector, Inc. by exchanging the restricted units for shares on a one-for-one basis and withholding a number of shares with a value equal to the aggregate strike price of the restricted units. For more information regarding the Conversion, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview."

(3) Because our common stock was not traded on a public market on December 31, 2017, the market value has been calculated based on an estimated fair market value of $6.95 per share as of December 31, 2017.

(4) One-fourth of the total number of shares subject to the restricted stock grant vested on January 15, 2016, and an additional 1/16th of the total number of shares subject to the restricted stock grant vested, and continued to vest, quarterly thereafter, subject to Dr. Rosenthal's continued status as a service provider through each such vesting date.

(5) One-fourth of the total number of shares subject to the restricted stock grant vested on July 17, 2016, and an additional 1/48th of the total number of shares subject to the restricted stock grant vested, and continued to vest, on the same day of each month thereafter, subject to Dr. Rosenthal's continued status as a service provider through each such vesting date.

(6) The shares subject to the restricted stock grant vested 1/48th per month beginning on the one month anniversary of August 1, 2017.

(7) The shares subject to the restricted stock grant vested 1/48th per month beginning on the one month anniversary of August 1, 2017.

(8) One-fourth of the total number of shares subject to the restricted stock grant vested on January 26, 2018, and an additional 1/48th of the total number of shares subject to the restricted stock grant vested, and continued to vest, on the same day of each month thereafter, subject to Dr. King's continued status as a service provider through each such vesting date.

(9) One-fourth of the total number of shares subject to the restricted stock grant vested on October 11, 2017, and an additional 1/48th of the total number of shares subject to the restricted stock grant vested, and continued to vest, on the same day of each month thereafter, subject to Dr. Oney's continued status as a service provider through each such vesting date.

(10) The shares subject to the restricted stock grant vested 1/48th per month beginning on the one month anniversary of August 1, 2017.

Employment Arrangements with Our Named Executive Officers

Dr. Arnon Rosenthal

Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with Arnon Rosenthal, our Co-Founder and Chief Executive Officer. The confirmatory employment letter will have no specific term and will provide that Dr. Rosenthal is an at-will employee. Dr. Rosenthal's current annual base salary is $ and he is eligible for an annual target cash incentive payment equal to % of his annual base salary.

Dr. Robert King

Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with Robert King, our Chief Development Officer. The confirmatory employment letter will have no specific term and

will provide that Dr. King is an at-will employee. Dr. King's current annual base salary is $ and he is eligible for an annual target cash incentive payment equal to % of his annual base salary.

Dr. Sabah Oney

Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with Sabah Oney, our Chief Business Officer. The confirmatory employment letter will have no specific term and will provide that Dr. Oney is an at-will employee. Dr. Oney's current annual base salary is $ and he is eligible for an annual target cash incentive payment equal to % of his annual base salary.

Executive Incentive Compensation Plan

Prior to the completion of this offering, our board of directors intends to adopt our Executive Incentive Compensation Plan (Incentive Compensation Plan). Our Incentive Compensation Plan will allow our compensation committee to grant incentive awards, generally payable in cash, to employees selected by our compensation committee, including our named executive officers, based upon performance goals established by our compensation committee.

Under our Incentive Compensation Plan, our compensation committee determines the performance goals applicable to any award, which goals may include, without limitation, goals related to . The performance goals may differ from participant to participant and from award to award.

Our compensation committee will administer our Incentive Compensation Plan. The administrator of our Incentive Compensation Plan may, in its sole discretion and at any time, increase, reduce, or eliminate a participant's actual award, and/or increase, reduce, or eliminate the amount allocated to the bonus pool for a particular performance period. The actual award may be below, at or above a participant's target award, in the discretion of the administrator. The administrator may determine the amount of any reduction on the basis of such factors as it deems relevant, and it is not required to establish any allocation or weighting with respect to the factors it considers.

Actual awards will be paid in cash (or its equivalent) only after they are earned, and, unless otherwise determined by the administrator, a participant must be employed by us through the date the actual award is paid. The compensation committee reserves the right to settle an actual award with a grant of an equity award under our then-current equity compensation plan, which equity award may have such terms and conditions, including vesting, as the compensation committee determines. Payment of awards occurs as soon as administratively practicable after they are earned, but no later than the dates set forth in our Incentive Compensation Plan.

Our board of directors and our compensation committee will have the authority to amend, alter, suspend or terminate our Incentive Compensation Plan, provided such action does not impair the existing rights of any participant with respect to any earned awards.

Potential Payments upon Termination or Change of Control

We currently expect that, prior to the completion of this offering, we will adopt arrangements for our executive officers that provide for payments and benefits on termination or change of control, which arrangements may be included in the anticipated confirmatory offer letters or separate plans or agreements.

Employee Benefit and Stock Plans

2019 Equity Incentive Plan

Prior to the completion of this offering, our board of directors intends to adopt, and we expect our stockholders will approve, our 2019 Plan. We expect that our 2019 Plan will be effective on the business day

immediately prior to the effective date of the registration statement of which this prospectus forms a part but will not be used until after the completion of this offering. Our 2019 Plan will provide for the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees and any of our subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units, stock appreciation rights, performance units, and performance shares to our employees, directors, and consultants and our subsidiary corporations' employees and consultants.

Authorized Shares. A total of shares of our common stock will be reserved for issuance pursuant to our 2019 Plan. In addition, the shares reserved for issuance under our 2019 Plan also will include (a) those shares reserved but unissued under our 2017 Plan as of immediately prior to the termination of the 2017 Plan and (b) shares subject to awards under our 2017 Plan that, on or after the termination of the 2017 Plan, expire or terminate and shares previously issued pursuant to our 2017 Plan, as applicable, that, on or after the termination of the 2017 Plan, are forfeited or repurchased by us (except the maximum number of shares that may be added to our 2019 Plan pursuant to (a) and (b) is shares). The number of shares available for issuance under our 2019 Plan will also include an annual increase on the first day of each fiscal year beginning on January 1, 2020, equal to the least of:

- shares;
- percent (%) of the outstanding shares of our common stock as of the last day of the immediately preceding fiscal year; or
- such other amount as our board of directors may determine.

If an award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an exchange program, or, with respect to restricted stock, restricted stock units, performance units or performance shares, is forfeited to or repurchased due to failure to vest, the unpurchased shares (or for awards other than stock options or stock appreciation rights, the forfeited or repurchased shares) will become available for future grant or sale under the 2019 Plan. With respect to stock appreciation rights, only the net shares actually issued will cease to be available under the 2019 Plan and all remaining shares under stock appreciation rights will remain available for future grant or sale under the 2019 Plan. Shares that have actually been issued under the 2019 Plan under any award will not be returned to the 2019 Plan; except if shares issued pursuant to awards of restricted stock, restricted stock units, performance shares or performance units are repurchased or forfeited, such shares will become available for future grant under the 2019 Plan. Shares used to pay the exercise price of an award or satisfy the tax withholding obligations related to an award will become available for future grant or sale under the 2019 Plan. To the extent an award is paid out in cash rather than shares, such cash payment will not result in a reduction in the number of shares available for issuance under the 2019 Plan.

Plan Administration. Our board of directors or one or more committees appointed by our board of directors will have authority to administer our 2019 Plan. We expect that the compensation committee of our board of directors will initially administer our 2019 Plan. In addition, if we determine it is desirable to qualify transactions under our 2019 Plan as exempt under Rule 16b-3 of the Exchange Act, such transactions will be structured to satisfy the requirements for exemption under Rule 16b-3. Subject to the provisions of our 2019 Plan, the administrator has the power to administer our 2019 Plan and make all determinations deemed necessary or advisable for administering the 2019 Plan, including but not limited to, the power to determine the fair market value of our common stock, select the service providers to whom awards may be granted, determine the number of shares covered by each award, approve forms of award agreements for use under the 2019 Plan, determine the terms and conditions of awards (including, but not limited to, the exercise price, the time or times at which awards may be exercised, any vesting acceleration or waiver or forfeiture restrictions and any restriction or limitation regarding any award or the shares relating thereto), construe and interpret the terms of our 2019 Plan and awards granted under it, prescribe, amend and rescind rules relating to our 2019 Plan, including creating sub-plans, modify, or amend each award, including but not limited to the discretionary authority to extend the post-termination exercisability period of awards (except no option or stock appreciation right will be extended

past its original maximum term), and allow a participant to defer the receipt of payment of cash or the delivery of shares that would otherwise be due to such participant under an award). The administrator also has the authority to allow participants the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator and to institute an exchange program by which outstanding awards may be surrendered or cancelled in exchange for awards of the same type, which may have a higher or lower exercise price and/or different terms, awards of a different type, and/or cash or by which the exercise price of an outstanding award is increased or reduced. The administrator's decisions, interpretations, and other actions are final and binding on all participants.

Stock Options. Stock options may be granted under our 2019 Plan. The exercise price of options granted under our 2019 Plan must at least be equal to the fair market value of our common stock on the date of grant. The term of an option may not exceed ten years. With respect to any participant who owns more than 10% of the voting power of all classes of our (or any subsidiary of ours) outstanding stock, the term of an incentive stock option granted to such participant must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the administrator, as well as other types of consideration permitted by applicable law. After the termination of service of an employee, director, or consultant, he or she may exercise his or her option for the period of time stated in his or her option agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the option will remain exercisable for three months following the termination of service. An option, however, may not be exercised later than the expiration of its term. Subject to the provisions of our 2019 Plan, the administrator determines the other terms of options.

Stock Appreciation Rights. Stock appreciation rights may be granted under our 2019 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. Stock appreciation rights may not have a term exceeding ten years. After the termination of service of an employee, director, or consultant, he or she may exercise his or her stock appreciation right for the period of time stated in his or her stock appreciation rights agreement. In the absence of a specified time in an award agreement, if termination is due to death or disability, the stock appreciation rights will remain exercisable for 12 months. In all other cases, in the absence of a specified time in an award agreement, the stock appreciation rights will remain exercisable for three months following the termination of service. However, in no event may a stock appreciation right be exercised later than the expiration of its term. Subject to the provisions of our 2019 Plan, the administrator determines the other terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash or with shares of our common stock, or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right will be no less than 100% of the fair market value per share on the date of grant.

Restricted Stock. Restricted stock may be granted under our 2019 Plan. Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director, or consultant and, subject to the provisions of our 2019 Plan, will determine the terms and conditions of such awards. The administrator may impose whatever vesting conditions it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us), except the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

Restricted Stock Units. Restricted stock units may be granted under our 2019 Plan. RSUs are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock. Subject to the

provisions of our 2019 Plan, the administrator determines the terms and conditions of RSUs, including the vesting criteria and the form and timing of payment. The administrator may set vesting criteria based upon the achievement of company-wide, divisional, business unit or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the administrator in its discretion. The administrator, in its sole discretion, may pay earned restricted stock units in the form of cash, in shares or in some combination thereof. Notwithstanding the foregoing, the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed.

Performance Units and Performance Shares. Performance units and performance shares may be granted under our 2019 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance objectives established by the administrator are achieved or the awards otherwise vest. The administrator will establish performance objectives or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. The administrator may set performance objectives based on the achievement of company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the administrator in its discretion. After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such performance units or performance shares. Performance units will have an initial dollar value established by the administrator on or prior to the grant date. Performance shares will have an initial value equal to the fair market value of our common stock on the grant date. The administrator, in its sole discretion, may pay out earned performance units or performance shares in cash, shares, or in some combination thereof.

Outside Directors. All outside (non-employee) directors will be eligible to receive all types of awards (except for incentive stock options) under our 2019 Plan. Prior to the completion of this offering, we intend to implement a formal policy pursuant to which our outside directors will be eligible to receive equity awards under our 2019 Plan. In order to provide a maximum limit on the awards that can be made to our outside directors, our 2019 Plan provides that in any given fiscal year, an outside director will not be granted awards having a grant-date fair value greater than $, but this limit is increased to $ in connection with the outside director's initial service (in each case, excluding awards granted to the outside director as a consultant or employee). The grant-date fair values will be determined according to Generally Accepted Accounting Principles. The maximum limits do not reflect the intended size of any potential grants or a commitment to make grants to our outside directors under our 2019 Plan in the future.

Non-Transferability of Awards. Unless the administrator provides otherwise, our 2019 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime. If the administrator makes an award transferrable, such award will contain such additional terms and conditions as the administrator deems appropriate.

Certain Adjustments. In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under our 2019 Plan, the administrator will adjust the number and class of shares that may be delivered under our 2019 Plan and/or the number, class, and price of shares covered by each outstanding award and the numerical share limits set forth in our 2019 Plan.

Dissolution or Liquidation. In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or Change in Control. Our 2019 Plan provides that in the event of a merger or change in control, as defined under our 2019 Plan, each outstanding award will be treated as the administrator determines, without a participant's consent. The administrator is not required to treat all awards, all awards held by a participant or all awards of the same type, similarly.

In the event that a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period prior to the transaction, unless specifically provided for otherwise under the applicable award agreement or other written agreement with the participant. The award will then terminate upon the expiration of the specified period of time. If an option or stock appreciation right is not assumed or substituted, the administrator will notify the participant in writing or electronically that such option or stock appreciation right will be exercisable for a period of time determined by the administrator in its sole discretion and the option or stock appreciation right will terminate upon the expiration of such period.

If an outside director's awards are assumed or substituted for in a merger or change in control and the service of such outside director is terminated on or following the merger or change in control, other than pursuant to a voluntary resignation, his or her options and stock appreciation rights, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock and restricted stock units will lapse, and all performance goals or other vesting requirements for his or her performance shares and units will be deemed achieved at 100% of target levels and all other terms and conditions met.

Amendment; Termination. The administrator has the authority to amend, suspend, or terminate our 2019 Plan, provided such action does not impair the existing rights of any participant. Our 2019 Plan automatically will terminate in 2029, unless we terminate it sooner.

2017 Stock Option and Grant Plan

In 2017, our board of directors adopted, and our stockholders approved, our 2017 Plan. The 2017 Plan has been amended from time to time to increase the aggregate number of shares of our common stock reserved for issuance under the 2017 Plan, and was most recently amended on April 19, 2018, which amendment was approved by our stockholders on April 20, 2018. Our 2017 Plan permits the grant of incentive stock options, within the meaning of Section 422 of the Code, to our employees and our subsidiary corporations' employees, and the grant of incentive stock options, non-qualified stock options, restricted stock awards, unrestricted stock awards, and restricted stock units to our officers, employees, directors and consultants and our subsidiary corporations' employees and consultants.

Authorized Shares. Our 2017 Plan will be terminated in connection with this offering, and accordingly, no shares will be available for issuance under the 2017 Plan following the completion of this offering. Our 2017 Plan will continue to govern outstanding awards granted thereunder. As of June 30, 2018, options to purchase 286,750 shares of our common stock and 3,715,108 shares of restricted stock remained outstanding under our 2017 Plan.

Plan Administration. Our board of directors or a committee appointed by our board of directors administers our 2017 Plan. Subject to the provisions of our 2017 Plan, our administrator has the power to administer the plan, including but not limited to, the power to interpret the terms of our 2017 Plan and awards granted under it, adopt, alter, and repeal rules relating to our 2017 Plan, including determine the terms of the awards, including the exercise price, the number of shares of our common stock subject to each such award, and the exercisability of the awards. Our administrator also has the authority to amend existing or cancel existing awards, amend existing awards to reduce or increase their exercise prices, impose any limitation on awards, including limitations on transfers, repurchase provisions and the like, and make all other determinations our administrator deems necessary or advisable for administering the 2017 Plan.

Options. Stock options may be granted under our 2017 Plan. The exercise price of options granted under our 2017 Plan must at least be equal to the fair market value of our common stock on the date of grant. The term of an incentive stock option may not exceed 10 years, except that with respect to any employee who owns more

than 10% of the voting power of all classes of our (or any subsidiary of ours) outstanding stock, the term must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date. Stock options may be exercised by the optionee making payment for the purchase price in cash, by certified or bank check, by wire transfer of immediately available funds, or other instrument acceptable to the administrator or, if permitted by the administrator, by the optionee delivering a promissory note to the us. After termination of an employee, director or consultant, he or she may exercise his or her option for the period of time specified in the applicable option agreement. If termination is due to death or disability, the option generally will remain exercisable for at least twelve months. In all other cases, the option will generally remain exercisable for at least three months. However, in no event may an option be exercised later than the expiration of its term. Subject to the provisions of our 2017 Plan, the administrator determines the other terms of options

Unrestricted Stock Awards. Unrestricted stock awards may be granted under our 2017 Plan. Unrestricted stock awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

Restricted Stock Awards. Restricted stock may be granted under our 2017 Plan. Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director, or consultant and, subject to the provisions of our 2017 Plan, will determine the terms and conditions of such awards. The administrator may impose whatever conditions for lapse of the restriction on the shares it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of pre-established performance goals or continued service to us), except the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to the restriction, unless the administrator provides otherwise. Shares of restricted stock as to which the restrictions have not lapsed are subject to our right of repurchase or forfeiture.

Restricted Stock Units. Restricted stock units may be granted under our 2017 Plan. Restricted stock units are bookkeeping entries representing an amount equal to the fair market value of one share of our common stock. Subject to the provisions of our 2017 Plan, the administrator will determine the terms and conditions of restricted stock units, including the vesting criteria (which may include achievement of pre-established performance goals or continued service to us) and the form and timing of payment. Notwithstanding the foregoing, the administrator, in its sole discretion, may accelerate the time at which any restricted stock units will vest.

Non-Transferability of Awards. Unless the administrator provides otherwise, our 2017 Plan generally does not allow for the transfer of awards other than by will or the laws of descent and distribution, and only the recipient of an award may exercise an award during his or her lifetime.

Certain Adjustments. In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under our 2017 Plan, the administrator will adjust the number and class of shares that may be delivered under our 2017 Plan and/or the number, class and price of shares covered by each outstanding award.

Dissolution or Liquidation. In the event of our proposed liquidation or dissolution, all awards will terminate immediately prior to or upon the consummation of such proposed transaction.

Sale Events. Our 2017 Plan provides that in the event of a sale event, as defined under the 2017 Plan, each option will terminate upon the effective time of the sale event, unless such options are assumed or continued by the successor entity, or new stock options or other awards of the successor entity or parent thereof are substituted therefore. In the event of termination of the 2017 Plan pursuant to a sale event, each optionholder will be permitted, within a period of time prior to the sale event, to exercise all such options which are then exercisable or will become exercisable as of the effective time. In the event of a sale event, all unvested restricted stock and

restricted stock unit awards will be forfeited prior to the effective time of the sale event, unless such awards are assumed or continued by the successor entity, or new awards of the successor entity or parent thereof are substituted therefore. In the event of forfeiture of restricted stock pursuant to a sale event, such restricted stock will be purchased from the holder at a price per share equal to the original per share purchase price paid by the holder. In the event of a sale event, the company will have the right, but not the obligation, to make a cash payment to holders of restricted stock or restricted stock unit awards, without the consent of the holders, in exchange for the cancellation of such awards.

Amendment; Termination. Our board of directors has the authority to amend, alter, suspend or terminate the 2017 Plan, provided such action will not impair the existing rights of any participant without the consent of the participant. As noted above, upon completion of this offering, our 2017 Plan will be terminated and no further awards will be granted thereunder. All outstanding awards will continue to be governed by their existing terms.

2019 Employee Stock Purchase Plan

Prior to the completion of this offering, our board of directors intends to adopt, and we expect our stockholders will approve, our 2019 ESPP. We expect that our 2019 ESPP will be effective on the business day immediately prior to the effective date of the registration statement of which this prospectus forms a part. We believe that allowing our employees to participate in our 2019 ESPP will provide them with a further incentive towards promoting our success and accomplishing our corporate goals.

Authorized Shares. A total of shares of our common stock will be available for sale under our 2019 ESPP. The number of shares of our common stock that will be available for sale under our 2019 ESPP also includes an annual increase on the first day of each fiscal year beginning with our fiscal year, equal to the least of:

- shares;
- percent (%) of the outstanding shares of our common stock as of the last day of the immediately preceding fiscal year; or
- such other amount as the administrator may determine.

2019 ESPP Administration. We expect that the compensation committee of our board of directors will administer our 2019 ESPP and will have full and exclusive discretionary authority to construe, interpret, and apply the terms of the 2019 ESPP, delegate ministerial duties to any of our employees, designate separate offerings under the 2019 ESPP, designate our subsidiaries and affiliates as participating in the 2019 ESPP, determine eligibility, adjudicate all disputed claims filed under the 2019 ESPP, and establish procedures that it deems necessary for the administration of the 2019 ESPP, including, but not limited to, adopting such procedures and sub-plans as are necessary or appropriate to permit participation in the 2019 ESPP by employees who are foreign nationals or employed outside the United States. The administrator's findings, decisions and determinations are final and binding on all participants to the full extent permitted by law.

Eligibility. Generally, all of our employees will be eligible to participate if they are customarily employed by us, or any participating subsidiary or affiliate, for at least 20 hours per week and more than five months in any calendar year. The administrator, in its discretion, may, prior to an enrollment date, for all options granted on such enrollment date in an offering, determine that an employee who (i) has not completed at least two years of service since his or her last hire date (or a lesser period of time determined by the administrator) since his or her last hire date, (ii) customarily works not more than 20 hours per week (or a lesser period of time determined by the administrator), (iii) customarily works not more than five months per calendar year (or a lesser period of time determined by the administrator), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to disclosure requirements under Section 16(a) of the Exchange Act, is or is not eligible to participate in such offering period.

However, an employee may not be granted rights to purchase shares of our common stock under our ESPP if such employee:

- immediately after the grant would own capital stock possessing 5% or more of the total combined voting power or value of all classes of capital stock of ours or of any parent or subsidiary of ours; or
- holds rights to purchase shares of our common stock under all employee stock purchase plans of ours or any parent or subsidiary of ours that accrue at a rate that exceeds $25,000 worth of shares of our common stock for each calendar year.

Offering Periods. Our 2019 ESPP will include a component that allows us to make offerings intended to qualify under Section 423 of the Code and a component that allows us to make offerings not intended to qualify under Section 423 of the Code to designated companies, as described in our 2019 ESPP. Our 2019 ESPP will provide for consecutive, overlapping 24-month offering periods. The offering periods will be scheduled to start on the first trading day on or after and of each year, except the first offering period will commence on the first trading day on or after the effective date of the registration statement of which this prospectus forms a part and will end on the first trading day on or before , and the second offering period will commence on the first trading day on or after . Each offering period will include purchase periods, which, unless the administrator provides otherwise, will (i) commence on the first trading day on or after and and (ii) terminate on the last trading day on or before of the same year and of the following year, respectively, except that the first purchase period under our 2019 ESPP will commence on the first trading day on or after the effective date of the registration statement of which this prospectus forms a part and will end on the last trading day on or before .

Contributions. Our 2019 ESPP will permit participants to purchase shares of our common stock through contributions (in the form of payroll deductions or otherwise to the extent permitted by the administrator) of up to % of their eligible compensation. A participant may purchase a maximum of shares of our common stock during a purchase period.

Exercise of Purchase Right. Amounts contributed and accumulated by the participant will be used to purchase shares of our common stock at the end of each six-month purchase period. The purchase price of the shares will be % of the lower of the fair market value of our common stock on the first trading day of the offering period or on the exercise date. If the fair market value of our common stock on the exercise date is less than the fair market value on the first trading day of the offering period, participants will be automatically withdrawn from such offering period immediately following their purchase of shares of our common stock on the exercise date and will be automatically re-enrolled in the next offering period. Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares of our common stock. Participation ends automatically upon termination of employment with us.

Non-Transferability. A participant will not be permitted to transfer rights granted under our 2019 ESPP (other than by will, the laws of descent and distribution or as otherwise provided under our 2019 ESPP).

Merger or Change in Control. Our 2019 ESPP will provide that in the event of a merger or change in control, as defined under our 2019 ESPP, a successor corporation may assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase right, the offering period then in progress will be shortened, and a new exercise date will be set that will be before the date of the proposed merger or change in control. The administrator will notify each participant that the exercise date has been changed and that the participant's option will be exercised automatically on the new exercise date unless prior to such date the participant has withdrawn from the offering period.

Amendment; Termination. The administrator will have the authority to amend, suspend, or terminate our 2019 ESPP, except that, subject to certain exceptions described in our 2019 ESPP, no such action may adversely affect any

outstanding rights to purchase shares of our common stock under our 2019 ESPP. Our 2019 ESPP automatically will terminate in 2039, unless we terminate it sooner.

401(k) Plan

We maintain a 401(k) retirement savings plan for the benefit of our employees, including our named executive officers, who satisfy certain eligibility requirements. Under the 401(k) plan, eligible employees may elect to defer a portion of their compensation, within the limits prescribed by the Code, on a pre-tax or after-tax (Roth) basis, through contributions to the 401(k) plan. The 401(k) plan authorizes employer safe harbor contributions. The 401(k) plan is intended to qualify under Sections 401(a) and 501(a) of the Code. As a tax-qualified retirement plan, pre-tax contributions to the 401(k) plan and earnings on those pre-tax contributions are not taxable to the employees until distributed from the 401(k) plan, and earnings on Roth contributions are not taxable when distributed from the 401(k) plan.

Rule 10b5-1 Sales Plans

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell shares of our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or executive officer when entering into the plan, without further direction from them. The director or executive officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material nonpublic information subject to compliance with the terms of our insider trading policy. Without the prior written consent of the representatives of the underwriters, prior to the day following the 180th day after the date of this offering, the sale of any shares under such plan would be subject to the lock-up agreement that the director or executive officer has entered into with the underwriters.

Limitation of Liability and Indemnification

Our amended and restated certificate of incorporation and amended and restated bylaws, each to be effective upon the completion of this offering, will provide that we will indemnify our directors and officers, and may indemnify our employees and other agents, to the fullest extent permitted by Delaware law. Delaware law prohibits our amended and restated certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or to our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; and
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. Our amended and restated certificate of incorporation does not eliminate a director's duty of care and, in appropriate circumstances, equitable remedies, such as injunctive or other forms of non-monetary relief, remain available under Delaware law. This provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or other state or federal laws. Under our amended and restated bylaws, we will also be empowered to purchase insurance on behalf of any person whom we are required or permitted to indemnify.

In addition to the indemnification required in our amended and restated certificate of incorporation and amended and restated bylaws, we intend to enter into an indemnification agreement with each member of our

board of directors and each of our officers prior to the completion of the offering. These agreements provide for the indemnification of our directors and officers for certain expenses and liabilities incurred in connection with any action, suit, proceeding, or alternative dispute resolution mechanism or hearing, inquiry, or investigation that may lead to the foregoing, to which they are a party, or are threatened to be made a party, by reason of the fact that they are or were a director, officer, employee, agent or fiduciary of our company, or any of our subsidiaries, by reason of any action or inaction by them while serving as an officer, director, agent or fiduciary, or by reason of the fact that they were serving at our request as a director, officer, employee, agent, or fiduciary of another entity. In the case of an action or proceeding by or in the right of our company or any of our subsidiaries, no indemnification will be provided for any claim where a court determines that the indemnified party is prohibited from receiving indemnification. We believe that these charter and bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. Moreover, a stockholder’s investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of certain relationships and transactions since January 1, 2015 involving our directors, executive officers, or beneficial holders of more than 5% of our capital stock. Compensation arrangements and indemnification arrangements with our directors and officers are described in "Management— Director Compensation," "Executive Compensation," and "Management."

Private Placements

Series E Preferred Stock Transaction

In April 2018 and July 2018, we issued and sold an aggregate of 9,349,012 shares of our Series E preferred stock at a purchase price of $14.2154 per share for an aggregate purchase price of approximately $132.9 million.

Purchasers of our Series E preferred stock include venture capital funds that beneficially own more than 5% of our outstanding capital stock and/or are represented on our board of directors. The following table presents the number of shares and the total purchase price paid by these entities.

Investor	Shares of Series E Preferred Stock	Total Purchase Price
MRL Ventures Fund, LLC(1)	175,866	$ 2,500,006
Entities affiliated with Polaris Venture Partners(2)	527,597	$ 7,500,002
Entities affiliated with OrbiMed Private Investments(3)	351,732	$ 5,000,011

(1) Christine Brennan, a member of our board of directors, is a partner at MRL Ventures Fund, LLC.

(2) Entities affiliated with Polaris Venture Partners holding our securities whose shares are aggregated for purposes of reporting share ownership information include Polaris Venture Partners Founders' Fund VI, L.P. and Polaris Venture Partners VI, L.P. Terry McGuire, a member of our board of directors, is a partner at Polaris Venture Funds.

(3) Entities affiliated with OrbiMed Private Investments holding our securities whose shares are aggregated for purposes of reporting share ownership information include OrbiMed Private Investments IV AL, LP and OrbiMed Private Investments IV-AL (Feeder), LP. Carl Gordon, a member of our board of directors, is a partner at OrbiMed Private Investments.

Series D Preferred Stock Transaction

In December 2015, we issued and sold an aggregate of 7,363,737 shares of our Series D preferred stock at a purchase price of $4.01 per share for an aggregate purchase price of approximately $29.5 million.

Purchasers of our Series D preferred stock include venture capital funds that beneficially own more than 5% of our outstanding capital stock and/or are represented on our board of directors. The following table presents the number of shares and the total purchase price paid by these entities.

Investor	Shares of Series D Preferred Stock(1)	Total Purchase Price
MRL Ventures Fund, LLC(2)	748,130	$ 3,000,001
Entities affiliated with Polaris Venture Partners(3)	1,246,883	$ 5,000,001
Entities affiliated with OrbiMed Private Investments(4)	1,246,883	$ 5,000,001

(1) The shares of Series D preferred stock were originally issued as Series D preferred units of Alector LLC and then were converted into shares of Series D preferred stock of Alector, Inc. upon the conversion of Alector LLC into Alector, Inc. on October 13, 2017. For more information regarding the Conversion, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview."

(2) Christine Brennan, a member of our board of directors, is a partner at MRL Ventures Fund, LLC.
(3) Entities affiliated with Polaris Venture Partners holding our securities whose shares are aggregated for purposes of reporting share ownership information include Polaris Venture Partners Founders' Fund VI, L.P., Polaris Venture Partners VI (AIV), L.P., Polaris Venture Partners VI, L.P., and PVP VI (AIV) Feeder Corp. Holding Partnership, L.P. Terry McGuire, a member of our board of directors, is a partner at Polaris Venture Funds.
(4) Entities affiliated with OrbiMed Private Investments holding our securities whose shares are aggregated for purposes of reporting share ownership information include OrbiMed Private Investments IV AL, LP and OrbiMed Private Investments IV-AL (Feeder), LP. Carl Gordon, a member of our board of directors, is a partner at OrbiMed Private Investments.

Series C Preferred Stock Transaction

In September 2015, we issued and sold an aggregate of 12,088,016 shares of our Series C preferred stock at a purchase price of $2.67 per share for an aggregate purchase price of approximately $32.3 million.

Purchasers of our Series C preferred stock include venture capital funds that beneficially own more than 5% of our outstanding capital stock and/or are represented on our board of directors. The following table presents the number of shares and the total purchase price paid by these entities.

Investor	Shares of Series C Preferred Stock(1)	Total Purchase Price
MRL Ventures Fund, LLC(2)	2,621,723	$ 7,000,001
Entities affiliated with Polaris Venture Partners(3)	2,808,989	$ 7,500,001
Entities affiliated with OrbiMed Private Investments(4)	2,808,989	$ 7,500,001

(1) The shares of Series C preferred stock were originally issued as Series C preferred units of Alector LLC and then were converted into shares of Series C preferred stock of Alector, Inc. upon the conversion of Alector LLC into Alector, Inc. on October 13, 2017. For more information regarding the Conversion, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview."
(2) Christine Brennan, a member of our board of directors, is a partner at MRL Ventures Fund, LLC.
(3) Entities affiliated with Polaris Venture Partners holding our securities whose shares are aggregated for purposes of reporting share ownership information include Polaris Venture Partners Founders' Fund VI, L.P., Polaris Venture Partners VI (AIV), L.P., Polaris Venture Partners VI, L.P., and PVP VI (AIV) Feeder Corp. Holding Partnership, L.P. Terry McGuire, a member of our board of directors, is a partner at Polaris Venture Funds.
(4) Entities affiliated with OrbiMed Private Investments holding our securities whose shares are aggregated for purposes of reporting share ownership information include OrbiMed Private Investments IV AL, LP and OrbiMed Private Investments IV-AL (Feeder), LP. Carl Gordon, a member of our board of directors, is a partner at OrbiMed Private Investments.

Registration Rights Agreement

We are party to a registration rights agreement, as amended, with certain holders of our capital stock, including Arnon Rosenthal, The Rosenthal Family Revocable Trust Dated November 4, 1994, as restated on June 9, 1999, Adi Rosenthal 2007 Trust dated March 27, 2007, Noam Rosenthal 2007 Trust dated March 27, 2007, Shani Rosenthal 2007 Trust dated March 27, 2007, Tillman Gerngross, Robert Paul, Robert King, Sabah Oney, Calvin Yu, MRL Ventures Fund LLC, Polaris Venture Partners VI (AIV), L.P., Polaris Venture Partners VI, L.P., Polaris Venture Partners Founders' Fund VI, L.P., PVP VI (AIV) Feeder Corp Holding Partnership, L.P., OrbiMed Private Investments IV – AL, LP, and OrbiMed Private Investments IV – AL (Feeder), LP. Under our registration rights agreement, certain holders of our capital stock have the right to

demand that we file a registration statement or request that their shares of our capital stock be covered by a registration statement that we are otherwise filing. See the section titled "Description of Capital Stock—Registration Rights" for additional information regarding these registration rights.

Relationship with Adimab, LLC

Dr. Tillman Gerngross, one of our Founders and the Chairperson of our board of directors since our founding in 2013, is the chief executive officer of Adimab, a leader in yeast-based, fully human antibody discovery using its proprietary core technology platform. In 2014, we entered into the Adimab Collaboration Agreement. Under the Adimab Collaboration Agreement, we work with Adimab to discover and optimize antibodies directed against certain targets selected by us. We then have an option to acquire the rights to certain of the antibodies from Adimab for development and commercialization as biopharmaceutical products. For the years ended December 31, 2015, 2016, and 2017, we incurred expenses of $1.2 million, $0.6 million, and $0.4 million, respectively, for services provided by Adimab under the Adimab Collaboration Agreement. For the six months ended June 30, 2018, we incurred expenses of $8,000 for services provided by Adimab under the Adimab Collaboration Agreement. We also have potential milestone payments per program for use of antibodies and low to mid-single digit royalty payments per program for commercial sales of products incorporating such antibodies. For more information about the collaboration agreement, see the section titled "Business—Adimab Collaboration Agreement."

Related Party Transaction Policy

Our audit committee will have the primary responsibility for reviewing and approving or disapproving "related party transactions," which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest. The charter of our audit committee will provide that our audit committee shall review and approve in advance any related party transaction.

Prior to the completion of this offering, we intend to adopt a formal written policy providing that we are not permitted to enter into any transaction that exceeds $120,000 and in which any related person has a direct or indirect material interest without the consent of our audit committee. In approving or rejecting any such transaction, our audit committee is to consider the relevant facts and circumstances available and deemed relevant to our audit committee, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction.

PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of our common stock as of September 30, 2018 by:

- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock;
- each of the named executive officers;
- each of our directors; and
- all of our current executive officers and directors as a group.

We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Exchange Act.

We have based our calculation of the percentage of beneficial ownership prior to this offering on 59,115,044 shares of our common stock outstanding as of September 30, 2018, which includes 45,350,215 shares of our common stock resulting from the automatic conversion of all outstanding shares of our convertible preferred stock into our common stock immediately prior to the completion of this offering, as if this conversion had occurred as of September 30, 2018. We have based our calculation of the percentage of beneficial ownership after this offering on shares of our common stock outstanding immediately after the completion of this offering, assuming no exercise by the underwriters of their option to purchase additional shares. We have deemed shares of our common stock subject to stock options that are currently exercisable or exercisable within 60 days of September 30, 2018, to be outstanding and to be beneficially owned by the person holding the stock option for the purpose of computing the percentage ownership of that person. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Alector, Inc., 151 Oyster Point Boulevard, Suite 300, South San Francisco, California 94080.

	Shares Beneficially Owned Prior to this Offering		Shares Beneficially Owned After this Offering	
Name of Beneficial Owner	Shares	Percentage	Shares	Percentage
5% Stockholders:				
MRL Ventures Fund LLC(1)	3,545,719	6.0%		
Entities affiliated with OrbiMed Private Investments(2)	12,682,329	21.5%		
Entities affiliated with Polaris Venture Partners(3)	12,858,194	21.8%		
Named Executive Officers and Directors:				
Arnon Rosenthal, Ph.D.(4)	6,096,892	10.3%		
Robert King, Ph.D.(5)	549,817	*		
Sabah Oney, Ph.D.(6)	606,418	1.0%		
Tillman Gerngross, Ph.D.(7)	2,608,610	4.4%		
Christine Brennan, Ph.D.(8)	3,545,719	6.0%		
Carl Gordon, Ph.D., C.F.A.(9)	12,682,329	21.5%		
Terry McGuire(10)	—	—		
Richard Scheller, Ph.D.(11)	19,981	*		
David Wehner	—	—		
All executive officers and directors as a group (11 persons)(12)	26,652,111	45.0%		

* Represents beneficial ownership of less than one percent (1%) of the outstanding shares of our common stock.

(1) Consists of 3,545,719 shares held of record by MRL Ventures Fund LLC (MRL). All shares are held directly by MRL, which is a subsidiary of Merck Sharp & Dohme Corp. Dr. Christine Brennan is a partner at MRL and is also a member of our board of directors. Dr. Brennan disclaims beneficial ownership of such shares, except to the extent of her pecuniary interest therein, if any. The address for MRL is 320 Bent Street, Cambridge, Massachusetts 02141.

(2) Consists of (a) 10,277,037 shares held of record by OrbiMed Private Investments IV-AL, LP (OrbiMed IV-AL), and (b) 2,405,292 shares held of record by OrbiMed Private Investments IV-AL (Feeder), LP (OrbiMed IV-AL (Feeder)). OrbiMed Capital GP IV LLC (OrbiMed GP), is the general partner of OrbiMed IV-AL and OrbiMed IV-AL (Feeder). OrbiMed Advisors LLC, or OrbiMed Advisors, is the managing member of OrbiMed GP. Dr. Carl Gordon is a managing partner at OrbiMed Advisors and is also a member of our board of directors. OrbiMed Advisors exercises investment and voting power through a management committee comprised of Dr. Gordon, Sven H. Borho, and Jonathan T. Silverstein. Each of OrbiMed GP, OrbiMed Advisors, Dr. Gordon, Sven H. Borho, Jonathan T. Silverstein, and Stephen Squinto disclaims beneficial ownership of the shares held by OrbiMed IV-AL and OrbiMed IV-AL (Feeder), except to the extent of its or his pecuniary interest therein, if any. The address of the individuals and entities listed above is 601 Lexington Avenue, 54th Floor, New York NY 10022.

(3) Consists of (a) 9,350,877 shares held of record by Polaris Venture Partners VI (AIV), L.P. (PVP VI AIV), (b) 709,917 shares held of record by Polaris Venture Partners Founders' Fund VI, L.P. (PVPFF VI), (c) 498,468 shares held of record by Polaris Venture Partners VI, L.P. (PVP VI), and (d) 2,298,932 shares held of record by PVP VI (AIV) Feeder Corp. Holding Partnership, L.P. (PVP VI Feeder, and together with PVP VI AIV, PVPFF VI, and PVP VI, the Funds). Polaris Venture Management Co. VI, L.L.C. (PVM) is the general partner of the Funds and may be deemed to have sole power to vote and dispose of the shares held by the Funds. Amir Nashat, Brian Chee, David Barrett, Bryce Youngren, Jon Flint, and Terry McGuire are the managing members of PVM who collectively make voting and investment decisions with respect to the shares held by the Funds. The address of the individuals and entities listed above is One Marina Park Drive, 10th Floor, Boston, Massachusetts 02210.

(4) Consists of (a) 1,305,226 shares held of record by Dr. Rosenthal, of which 415,952 shares are subject to repurchase by us at the original purchase price as of September 30, 2018, (b) 712,500 shares held of record by Adi Rosenthal 2007 Trust dated March 27, 2007, for which Dr. Rosenthal serves as trustee, of which no shares are subject to repurchase by us at the original purchase price as of September 30, 2018, (c) 712,500 shares held of record by Noam Rosenthal 2007 Trust dated March 27, 2007, for which Dr. Rosenthal serves as trustee, of which no shares are subject to repurchase by us at the original purchase price as of September 30, 2018, (d) 712,500 shares held of record by Shani Rosenthal 2007 Trust dated March 27, 2007, for which Dr. Rosenthal serves as trustee, of which no shares are subject to repurchase by us at the original purchase price as of September 30, 2018, (e) 2,612,500 shares held of record by The Rosenthal Family Revocable Trust Dated November 4, 1994, as restated on June 9, 1999, for which Dr. Rosenthal serves as trustee, of which no shares are subject to repurchase by us at the original purchase price as of September 30, 2018, and (f) 500,000 shares subject to an option held by Dr. Rosenthal, of which 41,666 shares are vested and exercisable within 60 days of September 30, 2018.

(5) Consists of (a) 537,317 shares held of record by Dr. King, of which 313,435 shares are subject to repurchase by us at the original purchase price as of September 30, 2018 and (b) 150,000 shares subject to an option held by Dr. King, of which 12,500 shares are vested and exercisable within 60 days of September 30, 2018.

(6) Consists of (a) 593,918 shares held of record by Dr. Oney, of which 349,023 shares are subject to repurchase by us at the original purchase price as of September 30, 2018 and (b) 150,000 shares subject to an option held by Dr. Oney, of which 12,500 shares are vested and exercisable within 60 days of September 30, 2018.

(7) Consists of 2,608,610 shares held of record by Dr. Gerngross, of which 14,627 shares are subject to repurchase by us at the original purchase price as of September 30, 2018.

(8) Consists of the shares described in footnote (1) above. Dr. Brennan is a partner at MRL and shares voting and investment control with respect to these shares. Dr. Brennan disclaims beneficial ownership of all shares held by MRL, except to the extent of any pecuniary interest therein.

(9) Consists of the shares described in footnote (2) above. Dr. Gordon is a managing partner at OrbiMed Advisors and shares voting and investment control with respect to these shares. Dr. Gordon disclaims beneficial ownership of all shares held by OrbiMed IV-AL and OrbiMed IV-AL (Feeder), except to the extent of any pecuniary interest therein.

(10) Mr. McGuire, who is one of our directors, is a managing member of PVM. Mr. McGuire has no voting or investment power over the shares held by the Funds described in Footnote 3 above. The address for Mr. McGuire is c/o PVM, One Marina Park Drive, 10th Floor, Boston, Massachusetts 02210.

(11) Consists of 19,981 shares held of record by Dr. Scheller, of which 4,163 shares are subject to repurchase by us at the original purchase price as of September 30, 2018.

(12) Consists of (a) 26,552,113 shares beneficially owned by our current executive officers and directors as of September 30, 2018, of which 1,397,803 shares may be repurchased by us at the original purchase price as of such date and (b) 99,998 shares subject to options vested and exercisable within 60 days of September 30, 2018.

DESCRIPTION OF CAPITAL STOCK

The following descriptions of our capital stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws that will be in effect upon completion of this offering. Copies of these documents will be filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will occur upon the completion of this offering.

Upon the completion of this offering and the filing of our amended and restated certificate of incorporation to be effective upon completion of this offering, our authorized capital stock will consist of shares of common stock, par value $0.0001 per share, and shares of convertible preferred stock, par value $0.0001 per share.

Upon the closing of this offering, all the outstanding shares of our convertible preferred stock will automatically convert into an aggregate of 40,943,028 shares of our common stock.

Based on 13,764,829 shares of common stock outstanding as of June 30, 2018, and after giving effect to the automatic conversion of all of our outstanding convertible preferred stock into an aggregate of 40,943,028 shares of common stock upon the completion of this offering and the issuance of shares of common stock in this offering, there will be shares of common stock outstanding upon the closing of this offering. As of June 30, 2018, we had 91 stockholders of record. As of June 30, 2018, there were 286,750 shares of common stock subject to outstanding options.

Common Stock

Voting Rights

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our certificate of incorporation and bylaws to be in effect upon the completion of this offering do not provide for cumulative voting rights. Because of this, the holders of a plurality of the shares of common stock entitled to vote in any election of directors can elect all of the directors standing for election, if they should so choose. With respect to matters other than the election of directors, at any meeting of the stockholders at which a quorum is present or represented, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at such meeting and entitled to vote on the subject matter shall be the act of the stockholders, except as otherwise required by law. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders.

Dividends

Subject to preferences that may be applicable to any then-outstanding convertible preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Liquidation

In the event of our liquidation, dissolution, or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of convertible preferred stock.

Rights and Preferences

Holders of our common stock have no preemptive, conversion, subscription, or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences, and privileges of the holders of our common stock are subject to and may be adversely affected by the rights of the holders of shares of any series of our convertible preferred stock that we may designate in the future.

Fully Paid and Nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering, upon payment and delivery in accordance with the underwriting agreement, will be fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, our board of directors will have the authority, without further action by the stockholders, to issue up to shares of preferred stock in one or more series and to fix the rights, preferences, privileges, and restrictions thereof. These rights, preferences, and privileges could include dividend rights, conversion rights, voting rights, redemption rights, liquidation preferences, sinking fund terms, and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. The issuance of preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing change in our control or other corporate action. Upon closing of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Common Stock Options

As of June 30, 2018, we had outstanding options to purchase an aggregate of 286,750 shares of our common stock, with a weighted-average exercise price of $7.38 per share, under our 2017 Plan. After June 30, 2018, we issued options to purchase an aggregate of 2,761,750 shares of our common stock, with a weighted-average exercise price of $8.22 per share, under our 2017 Plan.

Registration Rights

After the completion of this offering, under our registration rights agreement, as amended, the holders of 50,350,972 shares of common stock or their transferees, have the right to require us to register the offer and sale of their shares, or to include their shares in any registration statement we file, in each case as described below.

Demand Registration Rights

After the completion of this offering, the holders of up to 50,350,972 shares of our common stock will be entitled to certain demand registration rights. At any time beginning 180 days after the effective date of this offering, the holders of at least 25% of the shares (or a lesser percent for which the anticipated aggregate offering price would be at least $15 million) having registration rights then outstanding can request that we file a registration statement to register the offer and sale of their shares. We are only obligated to effect up to two such registrations. Each such request for registration must cover securities the anticipated aggregate public offering price of which, before deducting underwriting discounts and commissions, is at least $15 million. These demand registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under certain circumstances. If we determine that it would be seriously detrimental to us and our stockholders to effect such a demand registration, we have the right to defer such registration, not more than once in any twelve month period, for a period of up to 60 days.

Form S-3 Registration Rights

After the completion of this offering, the holders of up to 50,350,972 shares of our common stock will be entitled to certain Form S-3 registration rights. At any time when we are eligible to file a registration statement on Form S-3, the holders of the shares having these rights then outstanding can request that we register the offer and sale of their shares of our common stock on a registration statement on Form S-3 so long as the request covers securities the anticipated aggregate public offering price of which is at least $3 million. These stockholders may make an unlimited number of requests for registration on a registration statement on Form S-3. However, we will not be required to effect a registration on Form S-3 if we have effected two such registrations within the twelve month period preceding the date of the request. Additionally, if we determine that it would be seriously detrimental to us and our stockholders to effect such a demand registration, we have the right to defer such registration, not more than once in any twelve month period, for a period of up to 60 days.

Piggyback Registration Rights

After the completion of this offering, the holders of up to 50,350,972 shares of our common stock will be entitled to certain "piggyback" registration rights. If we propose to register the offer and sale of shares of our common stock under the Securities Act, all holders of these shares then outstanding can request that we include their shares in such registration, subject to certain marketing and other limitations, including the right of the underwriters to limit the number of shares included in any such registration statement under certain circumstances. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (1) a registration related to any employee benefit plan or a corporate reorganization or other transaction covered by Rule 145 promulgated under the Securities Act, (2) a registration in which the only stock being registered is common stock issuable upon conversion of debt securities also being registered, or (3) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of our common stock, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration.

Expenses of Registration

We will pay all expenses relating to any demand registrations, Form S-3 registrations, and piggyback registrations, subject to specified exceptions.

Termination

The registration rights terminate upon the earliest of (1) the date that is five years after the closing of this offering and (2) a deemed liquidation event (as defined in our amended and restated certificate of incorporation, in effect prior to the completion of this offering).

Anti-Takeover Effects of Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Our Amended and Restated Bylaws

Certain provisions of Delaware law and certain provisions that will be included in our amended and restated certificate of incorporation and amended and restated bylaws summarized below may be deemed to have an anti-takeover effect and may delay, deter, or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders.

Preferred Stock

Our amended and restated certificate of incorporation will contain provisions that permit our board of directors to issue, without any further vote or action by the stockholders, shares of preferred stock in one or more

series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the voting rights (if any) of the shares of the series and the powers, preferences, or relative, participation, optional, and other special rights, if any, and any qualifications, limitations, or restrictions, of the shares of such series.

Classified Board

Our amended and restated certificate of incorporation will provide that our board of directors is divided into three classes, designated Class I, Class II and Class III. Each class will be an equal number of directors, as nearly as possible, consisting of one-third of the total number of directors constituting the entire board of directors. The term of initial Class I directors shall terminate on the date of the 2019 annual meeting, the term of the initial Class II directors shall terminate on the date of the 2020 annual meeting, and the term of the initial Class III directors shall terminate on the date of the 2021 annual meeting. At each annual meeting of stockholders beginning in 2019, successors to the class of directors whose term expires at that annual meeting will be elected for a three-year term.

Removal of Directors

Our amended and restated certificate of incorporation will provide that stockholders may only remove a director for cause by a vote of no less than a majority of the shares present in person or by proxy at the meeting and entitled to vote.

Director Vacancies

Our amended and restated certificate of incorporation will authorize only our board of directors to fill vacant directorships.

No Cumulative Voting

Our amended and restated certificate of incorporation will provide that stockholders do not have the right to cumulate votes in the election of directors.

Special Meetings of Stockholders

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, except as otherwise required by law, special meetings of the stockholders may be called only by an officer at the request of a majority of our board of directors, by the Chairperson of our board of directors or by our Chief Executive Officer.

Advance Notice Procedures for Director Nominations

Our bylaws will provide that stockholders seeking to nominate candidates for election as directors at an annual or special meeting of stockholders must provide timely notice thereof in writing. To be timely, a stockholder’s notice generally will have to be delivered to and received at our principal executive offices before notice of the meeting is issued by the secretary of the company, with such notice being served not less than 90 nor more than 120 days before the meeting. Although the amended and restated bylaws will not give the board of directors the power to approve or disapprove stockholder nominations of candidates to be elected at an annual meeting, the amended and restated bylaws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the company.

Action by Written Consent

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that any action to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by written consent.

Amending our Certificate of Incorporation and Bylaws

Our amended and restated certificate of incorporation may be amended or altered in any manner provided by the DGCL. Our amended and restated bylaws may be adopted, amended, altered, or repealed by stockholders only upon approval of at least majority of the voting power of all the then outstanding shares of the common stock, except for any amendment of the above provisions, which would require the approval of a two-thirds majority of our then outstanding common stock. Additionally, our amended and restated certificate of incorporation will provide that our bylaws may be amended, altered, or repealed by the board of directors.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock and preferred stock will be available for future issuances without stockholder approval, except as required by the listing standards of the , and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of the company by means of a proxy contest, tender offer, merger, or otherwise.

Exclusive Jurisdiction

Our amended and restated certificate of incorporation will provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of fiduciary duty, any action asserting a claim arising pursuant to the DGCL, any action regarding our amended and restated certificate of incorporation or our amended and restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. Our amended and restated certificate of incorporation will provide further that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Business Combinations with Interested Stockholders

We are governed by Section 203 of the DGCL. Subject to certain exceptions, Section 203 of the DGCL prohibits a public Delaware corporation from engaging in a business combination (as defined in such section) with an “interested stockholder” (defined generally as any person who beneficially owns 15% or more of the outstanding voting stock of such corporation or any person affiliated with such person) for a period of three years following the time that such stockholder became an interested stockholder, unless (i) prior to such time the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock of such corporation outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (A) by persons who are directors and also officers of such corporation and (B) by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer); or (iii) at or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of stockholders (and not by written consent) by the affirmative vote of at least 66 2/3% of the outstanding voting stock of such corporation not owned by the interested stockholder.

Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that we must indemnify our directors and officers to the fullest extent authorized by the DGCL. We are expressly authorized to, and do, carry directors' and officers' insurance providing coverage for our directors, officers and certain employees for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive directors.

The limitation on liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Listing

We intend to apply to list our common stock on under the symbol " ."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is . The transfer agent and registrar's address is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and although we expect that our common stock will be approved for listing on , we cannot assure investors that there will be an active public market for our common stock following this offering. We cannot predict what effect, if any, sales of our shares in the public market or the availability of shares for sale will have on the market price of our common stock. Future sales of substantial amounts of common stock in the public market, including shares issued upon exercise of outstanding options, or the perception that such sales may occur, however, could adversely affect the market price of our common stock and also could adversely affect our future ability to raise capital through the sale of our common stock or other equity-related securities of ours at times and prices we believe appropriate.

Upon completion of this offering, based on our shares outstanding as of June 30, 2018 and after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock, shares of our common stock will be outstanding, or shares of common stock if the underwriters exercise their option to purchase additional shares in full. All of the shares of common stock expected to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act unless held by our "affiliates," as that term is defined in Rule 144 under the Securities Act. The remaining outstanding shares of our common stock will be deemed "restricted securities" as that term is defined under Rule 144. Restricted securities may be sold in the public market only if their offer and sale is registered under the Securities Act or if the offer and sale of those securities qualify for an exemption from registration, including exemptions provided by Rules 144 and 701 under the Securities Act, which are summarized below.

As a result of the lock-up agreements and market stand-off provisions described below and the provisions of Rules 144 or 701 and no exercise of the underwriters' option to purchase additional shares, the shares of our common stock that will be deemed "restricted securities" will be available for sale in the public market following the completion of this offering as follows:

- shares will be eligible for sale on the date of this prospectus; and
- shares will be eligible for sale upon expiration of the lock-up agreements and market stand-off provisions described below, beginning more than 180 days after the date of this prospectus.

Lock-Up Agreements and Market Stand-off Agreements

Our officers, directors, and the holders of substantially all of our capital stock, options, and warrants have entered into market stand-off agreements with us and have entered into or will enter into lock-up agreements with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior consent of Morgan Stanley & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Cowen and Company, LLC. See the section titled "Underwriting" for additional information.

Rule 144

Rule 144, as currently in effect, generally provides that, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a stockholder who is not deemed to have been one of our affiliates at any time during the preceding 90 days and who has beneficially owned the shares of our capital stock proposed to be sold for at least six months is entitled to sell such shares in reliance upon Rule 144 without complying with the volume limitation, manner of sale or notice conditions of Rule 144. If such stockholder has beneficially owned the shares of our capital stock proposed to be sold for at least one year, then such person is entitled to sell such shares in reliance upon Rule 144 without complying with any of the conditions of Rule 144.

Rule 144 also provides that a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days and who has beneficially owned the shares of our common stock proposed to be sold for at least six months is entitled to sell such shares in reliance upon Rule 144 within any three month period beginning 90 days after the date of this prospectus a number of shares that does not exceed the greater of the following:

- 1% of the number of shares of our capital stock then outstanding, which will equal shares immediately after the completion of this offering, assuming no exercise by the underwriters of their option to purchase additional shares; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales of our capital stock made in reliance upon Rule 144 by a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days are also subject to the current public information, manner of sale and notice conditions of Rule 144.

Rule 701

Rule 701 generally provides that, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a stockholder who purchased shares of our common stock pursuant to a written compensatory benefit plan or contract and who is not deemed to have been one of our affiliates at any time during the preceding 90 days may sell such shares in reliance upon Rule 144 without complying with the current public information or holding period conditions of Rule 144. Rule 701 also provides that a stockholder who purchased shares of our common stock pursuant to a written compensatory benefit plan or contract and who is deemed to have been one of our affiliates during the preceding 90 days may sell such shares under Rule 144 without complying with the holding period condition of Rule 144. However, all stockholders who purchased shares of our common stock pursuant to a written compensatory benefit plan or contract are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701.

Registration Rights

After the completion of this offering, the holders of up to 50,350,972 shares of our common stock will be entitled to certain rights with respect to the registration of such shares under the Securities Act. The registration of these shares of our common stock under the Securities Act would result in these shares becoming eligible for sale in the public market without restriction under the Securities Act immediately upon the effectiveness of such registration, subject to the Rule 144 limitations applicable to affiliates. See the section titled “Description of Capital Stock—Registration Rights” for a description of these registration rights.

Registration Statement

After the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of our common stock subject to equity awards outstanding or reserved for issuance under our equity compensation plans. The shares of our common stock covered by such registration statement will be eligible for sale in the public market without restriction under the Securities Act immediately upon the effectiveness of such registration statement, subject to vesting restrictions, the conditions of Rule 144 applicable to affiliates, and any applicable market stand-off agreements and lock-up agreements. See the section titled “Executive Compensation—Employee Benefit and Stock Plans” for a description of our equity compensation plans.

MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a summary of the material U.S. federal income tax consequences of the ownership and disposition of our common stock acquired in this offering by a "non-U.S. holder" (as defined below), but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Code, Treasury Regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought, and do not intend to seek, any ruling from the Internal Revenue Service (IRS), with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS or a court will agree with such statements and conclusions.

This summary also does not address the tax considerations arising under the laws of any non-U.S., state, or local jurisdiction or under U.S. federal gift and estate tax rules, except to the limited extent set forth below. In addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies, regulated investment companies, real estate investment trusts, or other financial institutions;
- persons subject to the alternative minimum tax or the tax on net investment income;
- tax-exempt organizations;
- pension plans and tax-qualified retirement plans;
- controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;
- brokers or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our capital stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction," or other risk reduction transaction;
- persons who hold or receive our common stock pursuant to the exercise of any option or otherwise as compensation;
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment); or
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership, entity or arrangement classified as a partnership or flow-through entity for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership or other entity. A partner in a partnership or other such entity that will hold our common stock should consult his, her, or its own tax advisor regarding the tax consequences of the ownership and disposition of our common stock through a partnership or other such entity, as applicable.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership and disposition of our common stock arising under the U.S. federal gift or estate tax rules or under the laws of any state, local, non-U.S. or other taxing jurisdiction or under any applicable tax treaty.

Non-U.S. Holder Defined

For purposes of this discussion, you are a "non-U.S. holder" if you are a beneficial owner of our common stock that, for U.S. federal income tax purposes, is not a partnership or:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof, or otherwise treated as such for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and that has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (y) that has made a valid election under applicable Treasury Regulations to be treated as a U.S. person.

Distributions

As described in the section titled "Dividend Policy," we have never declared or paid cash dividends on our common stock, and we do not anticipate paying any dividends on our common stock following the completion of this offering. However, if we do make distributions on our common stock, those payments will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, the excess will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock.

Subject to the discussions below on effectively connected income and Foreign Account Tax Compliance Act (FATCA), withholding, any dividend paid to you generally will be subject to U.S. federal withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty between the United States and your country of residence. In order to receive a reduced treaty rate, you must provide us with an IRS Form W-8BEN or W-8BEN-E or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate. A non-U.S. holder of shares of our common stock eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS. If the non-U.S. holder holds our common stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Dividends received by you that are treated as effectively connected with your conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, that are attributable to a permanent establishment or fixed base maintained by you in the United States) are generally exempt from the 30% U.S. federal withholding tax, subject to the discussion below on backup withholding and FATCA withholding. In order to obtain this exemption, you must provide us with a properly executed IRS Form W-8ECI or other applicable IRS Form W-8 properly certifying such exemption. Such effectively connected dividends, although not subject to U.S. federal withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such

lower rate as may be specified by an applicable income tax treaty between the United States and your country of residence. You should consult your tax advisor regarding the tax consequences of the ownership and disposition of our common stock, including any applicable tax treaties that may provide for different rules.

Gain on Disposition of Common Stock

Subject to the discussion below regarding backup withholding and FATCA withholding, you generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an applicable income tax treaty so provides, the gain is attributable to a permanent establishment or fixed base maintained by you in the United States);
- you are an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a United States real property interest by reason of our status as a "United States real property holding corporation," or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

We believe that we are not currently and will not become a USRPHC for U.S. federal income tax purposes, and the remainder of this discussion so assumes. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our U.S. and worldwide real property plus our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, your common stock will be treated as U.S. real property interests only if you actually (directly or indirectly) or constructively hold more than five percent of such regularly traded common stock at any time during the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

If you are a non-U.S. holder described in the first bullet above, you will be required to pay tax on the gain derived from the sale (net of certain deductions and credits) under regular graduated U.S. federal income tax rates, and a corporate non-U.S. holder described in the first bullet above also may be subject to the branch profits tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be subject to tax at 30% (or such lower rate specified by an applicable income tax treaty) on the gain derived from the sale, which gain may be offset by U.S. source capital losses for the year, provided you have timely filed U.S. federal income tax returns with respect to such losses. You should consult your tax advisor regarding any applicable income tax or other treaties that may provide for different rules.

Federal Estate Tax

Our common stock beneficially owned by an individual who is not a citizen or resident of the United States (as defined for U.S. federal estate tax purposes) at the time of their death will generally be includable in the decedent's gross estate for U.S. federal estate tax purposes. Such stock, therefore, may be subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address and the amount of tax withheld, if any. A similar report will be sent to you. Pursuant to applicable income tax

treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends on or of proceeds from the disposition of our common stock made to you may be subject to information reporting and backup withholding at a current rate of 24% unless you establish an exemption, for example, by properly certifying your non-U.S. status on a properly completed IRS Form W-8BEN or W-8BEN-E or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if either we or our paying agent has actual knowledge, or reason to know, that you are a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act

Provisions of the Code commonly referred to as FATCA, Treasury Regulations issued thereunder and official IRS guidance generally impose a U.S. federal withholding tax of 30% on dividends on, and the gross proceeds from a sale or other disposition of our common stock, paid to a "foreign financial institution" (as specially defined under these rules), unless such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. FATCA also generally imposes a U.S. federal withholding tax of 30% on dividends on and the gross proceeds from a sale or other disposition of our common stock paid to a "non-financial foreign entity" (as specially defined under these rules) unless such entity provides the withholding agent with a certification identifying the substantial direct and indirect U.S. owners of the entity, certifies that it does not have any substantial U.S. owners, or otherwise establishes an exemption.

The withholding obligations under FATCA generally apply to dividends on our common stock and to the payment of gross proceeds of a sale or other disposition of our common stock made on or after January 1, 2019. The withholding tax will apply regardless of whether the payment otherwise would be exempt from U.S. nonresident and backup withholding tax, including under the other exemptions described above. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this section. Prospective investors should consult with their own tax advisors regarding the application of FATCA withholding to their investment in, and ownership and disposition of, our common stock.

The preceding discussion of U.S. federal tax considerations is for general information only. It is not tax advice to investors in their particular circumstances. Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state and local, and non-U.S. tax consequences of purchasing, holding, and disposing of our common stock, including the consequences of any proposed change in applicable laws.

UNDERWRITING

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Cowen and Company, LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares of common stock indicated below:

Underwriter	Number of Shares
Morgan Stanley & Co. LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Cowen and Company, LLC	
Barclays Capital Inc.	
Total	

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per share under the public offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of common stock.

	Per Share	Total	
		No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us:	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $. We have agreed to reimburse the underwriters for expenses of up to $ relating to

clearance of this offering with the Financial Industry Regulatory Authority, Inc. and compliance with state securities or "blue sky" laws.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

We intend to apply to list our common stock on under the trading symbol " ."

We and all directors and officers and the holders of substantially all of our outstanding stock, stock options, and other securities convertible into or exchangeable or exercisable for our common stock have agreed that, without the prior written consent of the representatives on behalf of the underwriters, we and they will not, during the period ending on and including the 180th day after the date of this prospectus (the restricted period):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right, or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;
- file any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of the representatives on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the immediately preceding paragraph do not apply to:

a. the sale of shares to the underwriters;

b. transactions by any person other than us relating to shares of common stock or other securities acquired in this offering (other than any issuer directed shares of common stock purchased in this offering by our officers or directors) or in open market transactions after the completion of this offering; provided that no filing under Section 16(a) of the Exchange Act is required or voluntarily made during the restricted period in connection with subsequent sales of the common stock or other securities acquired in such open market transactions;

c. the transfer of shares of common stock or any security convertible into common stock (i) to an immediate family member of the lock-up signatory, or to a trust or other entity formed for estate planning for the benefit of the lock-up signatory or immediate family member, (ii) by bona fide gift, will or intestacy, (iii) if the lock-up signatory is a trust, to a trustor or beneficiary of the trust or to the estate of a beneficiary of such trust, or (iv) by bona fide gift to a charitable organization, provided that no filing under Section 16(a) of the Exchange Act or other public filing, report, or announcement reporting a reduction in beneficial ownership of shares of common stock or any security convertible into common stock shall be required or voluntarily made during the restricted period;

d. if the lock-up signatory is a corporation, partnership, limited liability company, trust, or other business entity, transfers of common stock or any security convertible into common stock (i) to another corporation, partnership, limited liability company, trust, or other business entity that controls, is controlled by, manages, is managed by, or is under common control with the lock-up signatory or its affiliates or (ii) as part of a disposition, transfer, or distribution by the lock-up signatory to its

stockholders, partners, members, or other equity holders; provided that no filing under Section 16(a) of the Exchange Act or other public filing, report, or announcement reporting a reduction in beneficial ownership of shares of common stock or securities convertible into common stock shall be required or voluntarily made during the restricted period (other than any required Form 5 filing);

e. (i) the receipt by the lock-up signatory from us of shares of our common stock upon the exercise of options or the settlement of restricted stock units granted under a stock incentive plan or other equity award plan, as described in this prospectus, insofar as such option or restricted stock unit is outstanding as of the date of this prospectus, or (ii) the transfer of shares of common stock or other securities convertible into common stock to us upon a vesting event of our securities, the settlement of restricted stock units, or the exercise of options to purchase our securities on a "cashless" or "net exercise" basis to the extent permitted by the instruments representing such options or restricted stock units (and any transfer to us necessary to generate cash needed for the payment of taxes due as a result of such vesting, settlement, or exercise) so long as such "cashless exercise" or "net exercise" is effected solely by the surrender of outstanding options or restricted stock units to us and our cancellation of all or a portion thereof. In the case of either (i) or (ii), no filing under Section 16(a) of the Exchange Act or other public announcement or filing shall be required or voluntarily made during the restricted period, and the underlying shares issued to the lock-up signatory shall continue to be subject to the terms of the lock-up agreement. For the purpose of (ii), filings under Section 16(a) of the Exchange Act shall be permissible if such filings relate solely to "net" or "cashless" exercises or settlements of stock options, restricted stock units, or other equity awards that would otherwise expire during the restricted period and any such filing includes a statement to the effect that such transfer is being made in connection with a "net" or "cashless" exercise or settlement of stock options, restricted stock units, or other equity awards, and the lock-up signatory provides written notice to the representatives no later than two business days prior to making any such filings;

f. the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (i) such plan does not provide for the transfer of common stock during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period;

g. the transfer of shares of common stock or securities convertible into common stock to us pursuant to agreements under which we or any of our equityholders have the option to repurchase such shares of common stock or other securities convertible into common stock upon termination of service of the lock-up signatory;

h. the transfer of shares of common stock or other securities convertible into common stock pursuant to a bona fide third party tender offer, merger, consolidation, or other similar transaction made to all holders of our capital stock involving a "change of control", after the completion of this offering, that has been approved by our board of directors, provided that in the event that such transaction is not completed, the lock-up signatory's shares of common stock or securities convertible into common stock will remain subject to the terms of the lock-up agreement;

i. the transfer of shares of common stock or securities convertible into common stock pursuant to a domestic order or in connection with a divorce settlement; or

j. the conversion or reclassification of our outstanding preferred stock or other classes of common stock into shares of common stock as disclosed in this prospectus, provided that any such shares of common stock received upon such conversion or reclassification will be subject to the terms of the lock-up agreement;

In the case of any transfer pursuant to (c), (d) and (i) above, the donee, transferee, or distributee must agree in writing to be bound by the lock-up restrictions. In the case of (c) and (d) above, such transfer or distribution

shall not involve a disposition for value. In the case of (g) and (i) above, no filing under Section 16(a) of the Exchange Act or other public filing, report, or announcement reporting a reduction in beneficial ownership of shares of common stock or securities convertible into common stock shall be voluntarily made during the restricted period. In the case of (g) and (i) above, if the lock-up signatory is required to file a report under Section 16(a) of the Exchange Act during the restricted period, the lock-up signatory shall include a statement to the effect that such transfer is to us in connection with the repurchase of shares of common stock or other securities convertible into common stock or pursuant to a qualified domestic order or in connection with a divorce settlement, as the case may be.

The representatives, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain, or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option described above. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing, and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such

investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings, and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Selling Restrictions

Canada

The shares of our common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares of our common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (FSMA)) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Hong Kong

The shares of common stock have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation, or document relating to the shares of common stock has been or may be issued or has been or may be in the possession of any person for the purposes of issuance, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares of common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (FIEL) has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of common stock.

Accordingly, the shares of common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors (QII)

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a "QII only private placement"

or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a "small number private placement" or a "small number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred en bloc without subdivision to a single investor.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of our common stock may not be circulated or distributed, nor may the shares of our common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares of our common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares of our common stock pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i) (B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

LEGAL MATTERS

The validity of the issuance of our common stock offered in this prospectus will be passed upon for us by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Davis Polk & Wardwell LLP, Menlo Park, California, is acting as counsel for the underwriters.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements at December 31, 2016 and 2017, and for the years then ended, as set forth in their report. We have included our consolidated financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document is not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates or view them online. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains the registration statement of which this prospectus forms a part, as well as the exhibits thereto. These documents, along with future reports, proxy statements, and other information about us, are available at the SEC's website, www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended, and, in accordance with this law, will file periodic reports, proxy statements, and other information with the SEC. These periodic reports, proxy statements, and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.alector.com where these materials are available. Upon the completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on, or that can be accessible through, our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Alector, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Alector, Inc. (the "Company") as of December 31, 2016 and 2017, the related consolidated statements of operations and comprehensive loss, stockholders' deficit and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2016 and 2017, and the results of its operations and its cash flows for each of the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 2017.

San Jose, California
October 12, 2018

ALECTOR, INC.

Consolidated Balance Sheets
(In thousands, except member unit, share, and per share data)

	December 31, 2016	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 50,838	$ 32,451
Receivable from collaboration partner	—	200,000
Accounts receivable	218	238
Prepaid expenses and other current assets	135	285
Total current assets	51,191	232,974
Property and equipment, net	2,536	2,834
Restricted cash	200	—
Other assets	184	252
TOTAL ASSETS	$ 54,111	$236,060
LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 1,152	$ 1,140
Accrued clinical supply costs	—	3,820
Accrued liabilities	358	3,455
Deferred revenue, current portion	—	18,978
Deferred rent, current portion	—	10
Total current liabilities	1,510	27,403
Deferred revenue, long-term portion	—	183,150
Deferred rent, long-term portion	23	41
Other long-term liabilities	—	14
TOTAL LIABILITIES	1,533	210,608
Commitments and Contingencies (Note 5)		
Preferred units; 36,001,203 and zero units issued and outstanding as of December 31, 2016 and 2017, respectively; liquidation preference of $77,804 as of December 31, 2016	77,485	—
Convertible preferred stock; $0.0001 par value; zero and 36,001,203 shares authorized as of December 31, 2016 and 2017, respectively; zero and 36,001,203 shares issued and outstanding as of December 31, 2016 and 2017, respectively; liquidation preference of $77,804 as of December 31, 2017	—	77,485
STOCKHOLDERS' DEFICIT:		
Common units, no par value; 13,550,000 and zero units authorized as of December 31, 2016 and 2017, respectively; 11,517,585 and zero units issued and outstanding as of December 31, 2016 and 2017, respectively	—	—
Common stock, $0.0001 par value; zero and 52,000,000 shares authorized as of December 31, 2016 and 2017, respectively; zero and 13,776,153 shares issued and outstanding as of December 31, 2016 and 2017, respectively	—	1
Additional paid-in capital	4,800	10,153
Accumulated deficit	(29,707)	(62,187)
TOTAL STOCKHOLDERS' DEFICIT	(24,907)	(52,033)
TOTAL LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' DEFICIT	$ 54,111	$236,060

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

ALECTOR, INC.

Consolidated Statements of Operations and Comprehensive Loss
(In thousands)

	Year Ended December 31,	
	2016	**2017**
Revenue:		
Collaboration revenue	$ —	$ 2,872
Grant revenue	416	863
Total revenue	416	3,735
Operating expenses:		
Research and development	13,674	29,911
General and administrative	1,874	6,503
Total operating expenses	15,548	36,414
Loss from operations	(15,132)	(32,679)
Other income, net	22	199
Net loss and comprehensive loss	$ (15,110)	$ (32,480)
Net loss per share, basic and diluted	$ (2.11)	$ (3.55)
Shares used in computing net loss per share, basic and diluted	7,173,441	9,142,688
Pro forma net loss per share, basic and diluted (unaudited)		$ (0.72)
Shares used in computing pro forma net loss per share, basic and diluted (unaudited)		45,143,891

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

ALECTOR, INC.

Consolidated Statement of Convertible Preferred Stock and Stockholders' Deficit

(In thousands, except member unit and share data)

	Preferred Units		Convertible Preferred Stock		Common Units		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Deficit
	Units	Amount	Shares	Amount	Units	Amount	Shares	Amount			
Balance — December 31, 2015	36,001,203	$ 77,485	—	$ —	10,707,167	$ —	—	$ —	$ 2,837	$ (14,597)	$ (11,760)
Issuance of common units	—	—	—	—	1,136,500	—	—	—	—	—	—
Cancellation of common units	—	—	—	—	(326,082)	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	1,963	—	1,963
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	(15,110)	(15,110)
Balance — December 31, 2016	36,001,203	77,485	—	—	11,517,585	—	—	—	4,800	(29,707)	(24,907)
Issuance of common units	—	—	—	—	2,483,500	—	—	—	—	—	—
Cancellation of common units	—	—	—	—	(8,333)	—	—	—	—	—	—
Conversion from LLC to corporation (Note 1)	(36,001,203)	(77,485)	36,001,203	77,485	(13,992,752)	—	13,825,387	1	(1)	—	—
Cancellation of restricted common stock post-conversion	—	—	—	—	—	—	(49,234)	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	—	—	5,354	—	5,354
Net loss and comprehensive loss	—	—	—	—	—	—	—	—	—	(32,480)	(32,480)
Balance — December 31, 2017	—	$ —	36,001,203	$ 77,485	—	$ —	13,776,153	$ 1	$ 10,153	$ (62,187)	$ (52,033)

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

ALECTOR, INC.

Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2016	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (15,110)	$ (32,480)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	201	680
Stock-based compensation	1,963	5,354
Changes in operating assets and liabilities:		
Accounts receivable	(218)	(20)
Prepaid expenses and other current assets	(22)	(150)
Other assets	(184)	—
Accounts payable	708	(41)
Accrued liabilities and accrued clinical supply costs	(354)	6,716
Deferred revenue	—	2,128
Deferred rent	23	28
Other long-term liabilities	—	14
Net cash used in operating activities	(12,993)	(17,771)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(2,250)	(801)
Net cash used in investing activities	(2,250)	(801)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of convertible preferred stock issuance costs	(77)	(15)
Net cash used in financing activities	(77)	(15)
Net decrease in cash, cash equivalents and restricted cash	(15,320)	(18,587)
Cash, cash equivalents, and restricted cash at beginning of period	66,358	51,038
Cash, cash equivalents, and restricted cash at end of period	$ 51,038	$ 32,451
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment purchases included in accounts payable and accrued liabilities	$ 176	$ 353
Issuance costs for convertible preferred stock included in accounts payable	$ —	$ 53

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

ALECTOR, INC.

Notes to Consolidated Financial Statements

1. The Company and Liquidity

Alector, Inc. ("Alector" or the "Company") is a Delaware corporation headquartered in South San Francisco, California. Alector is a biotechnology company focused on harnessing the immune system to cure neurodegenerative diseases.

Conversion

Alector was originally formed in May 2013 as a Delaware limited liability company under the name Alector LLC. In October 2017, the Company completed a reorganization whereby the Company converted from a Delaware limited liability company named Alector LLC to a Delaware corporation named under the name Alector, Inc. (the "Conversion"). In conjunction with the Conversion, (i) all of the Company's outstanding common units converted on a 1-for-1 basis into shares of common stock, par value $0.0001; (ii) all of the Company's outstanding preferred units converted on a 1-for-1 basis into shares of convertible preferred stock, par value $0.0001; and (iii) the Company's 202,924 unvested restricted units converted on a 1-for-1 basis into shares of unvested restricted common stock. Prior to the Conversion, the Company had issued profit interest units to employees. The Company's vested profit interest units converted on a net issuance basis into shares of common stock and the Company's unvested profit interest units converted on a net issuance basis into restricted common stock. Fractional shares related to the conversion of profit interest grants were settled in cash. All vesting provisions remained the same following the Conversion.

Liquidity and Capital Resources

The Company has incurred net operating losses since inception. As of December 31, 2016 and 2017, the Company had an accumulated deficit of approximately $29.7 million and $62.2 million and has not generated positive cash flows from operations. Management believes that its existing financial resources are sufficient to continue operating activities at least one year past the issuance date of these consolidated financial statements. To date, the Company has been able to fund its operations through the issuance and sale of preferred units and convertible preferred stock in addition to the Company's license and collaboration agreement with AbbVie Biotechnology, Ltd. ("AbbVie"). Future capital requirements will depend on many factors, including the timing and extent of spending on research and development and the market acceptance of the Company's products. There can be no assurance that, in the event the Company requires additional financing, such financing will be available at terms acceptable to the Company if at all. Failure to generate sufficient cash flows from operations, raise additional capital, and reduce discretionary spending should additional capital not become available could have a material adverse effect on the Company's ability to achieve its intended business objectives. These factors would have a material adverse effect on the Company's future financial results, financial position, and cash flows.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States ("GAAP") as defined by the Financial Accounting Standards Board ("FASB"). The consolidated financial statements include the accounts of Alector, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of

contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. The Company evaluates its estimates, including those related to revenue recognition, manufacturing accruals, fair value of assets and liabilities, income taxes uncertainties, stock-based compensation, and related assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents are deposited in checking and sweep accounts at a financial institution. Such deposits may, at times, exceed federally insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents.

Cash, Cash Equivalents, and Restricted Cash

The Company considers all highly liquid investments with original maturities of 90 days or less at the date of purchase to be cash and cash equivalents. Cash equivalents, which consist of amounts invested in money market funds, are stated at fair value. There are no unrealized gains or losses on the money market funds for the periods presented.

Restricted cash consists of a money market account that serves as collateral for a credit card agreement at one of the Company's financial institutions. The entire amount was refunded to the Company in December 2017.

In November 2016, the FASB issued Accounting Standards Update ("ASU") 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires restricted cash to be presented with cash and cash equivalents on the consolidated statement of cash flows when reconciling the beginning-of-period and end-of-period total amounts and disclosure of how the amounts on the consolidated statement of cash flows reconciles to the balance sheet. The Company early adopted the standard as of January 1, 2017, on a retrospective basis, wherein the statement of cash flow of each period presented was adjusted to reflect the effects of applying the new guidance. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statements of cash flows:

	Year Ended December 31,	
	2016	2017
	(In thousands)	
Cash and cash equivalents	$ 50,838	$ 32,451
Restricted cash	200	—
Total cash, cash equivalents, and restricted cash	$ 51,038	$ 32,451

Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable, and accrued liabilities. The Company's financial instruments approximate fair value due to their relatively short maturities.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines the fair value of its financial

instruments based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

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.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Leasehold improvements are amortized over the lesser of their useful lives or the remaining life of the lease. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the consolidated balance sheet and the resulting gain or loss is reflected in the consolidated statements of operations in the period realized. Maintenance and repairs are charged to the consolidated statements of operations as incurred.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amount to the future net undiscounted cash flows which the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the projected discounted future net cash flows arising from the asset. The Company has not identified any such impairment losses to date.

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (“ASC 606”). This new standard will replace most of the existing revenue recognition guidance in U.S. GAAP. The Company has early adopted the new standard using the full retrospective method as of January 1, 2017. Prior to January 1, 2017, the Company’s revenues were derived from a government grant. The adoption of ASC 606 did not affect the Company’s accounting for the government grant. Under ASC 606, an entity recognizes revenue when control of promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. In determining the appropriate amount of revenue to be recognized as the Company fulfills its obligations under arrangements, the Company performs the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies the performance obligation.

ALECTOR, INC.

Notes to Consolidated Financial Statements

Collaboration Revenue

The Company signed an agreement in October 2017, with AbbVie to co-develop antibodies to two program targets in preclinical development. Under the terms of the agreement, AbbVie made $205.0 million in upfront payments, of which $5.0 million and $200.0 million was received by the Company in October 2017 and January 2018, respectively. Alector will perform research and development services for the antibodies to the two programs through the end of Phase 2 clinical trials. AbbVie will then have the exclusive right to exercise an option to enter into a license and collaboration agreement with the Company for one or both of the programs. If AbbVie exercises its option for programs, AbbVie will take over the development of the product candidates for such program and costs will be split between the parties. The Company will also share in profits and losses upon commercialization of any products from such program. However, following AbbVie's exercise of its option for a program, the Company may opt out of sharing in development costs and profits or losses for that program and instead receive tiered royalties. Additionally, under the terms of the agreement, if AbbVie exercises both of its options, and both programs meet all milestones, the Company will be eligible to earn up to an additional $985.6 million in milestone payments and option-exercise fees. The Company assessed its collaboration agreement with AbbVie in the context of the delivery of the research and development services.

The Company has determined that there are two research and development performance obligations as part of the agreement with AbbVie, one research and development performance obligation for each of the two research and development programs. The non-refundable upfront cash payments of $5.0 million and $200.0 million received in October 2017 and January 2018, respectively, were included in the transaction price. None of the remaining development and regulatory milestone and program opt-in payment amounts have been included in the transaction price, as all these amounts were fully constrained as of December 31, 2017. As part of the Company's evaluation of the constraint, the Company considered numerous factors, including that receipt of the milestone amounts is outside the control of the Company and contingent upon success in future clinical trials. Any consideration related to royalties on net product sales will be recognized when the related sales occur and therefore have also been excluded from the transaction price. The Company will re-evaluate the transaction price in each reporting period and as uncertain events are resolved or other changes in circumstances occur.

The Company recognizes collaboration revenue by measuring the progress toward complete satisfaction of the performance obligation using an input measure. In order to recognize revenue over the research and development period, the Company measures actual costs incurred to date compared to the overall total expected costs to satisfy the performance obligation. Revenues are recognized as the program costs are incurred. The Company will re-evaluate the estimate of expected costs to satisfy the performance obligation each reporting period and make adjustments for any significant changes. Collaboration revenue under the Company's collaboration agreement with AbbVie during 2017 was $2.9 million. The Company recorded deferred revenue of $202.1 million as of December 31, 2017. The deferred revenue is expected to be recognized over the research and development period of the programs through the completion of Phase 2 clinical trials.

Grant Revenue

The Company has grant revenue from the U.S. government. In March 2016, the National Institute on Aging, a division of the National Institute of Health of the U.S. government, awarded the Company a Small Business Innovation Research grant. The Company recognized $0.4 million and $0.9 million in 2016 and 2017, respectively, related to research performed under the grant. The Company recognizes grant revenue as the related research services are performed.

ALECTOR, INC.

Notes to Consolidated Financial Statements

Research and Development Costs

Research and development costs are expensed as incurred and consist primarily of new product development. Research and development costs include salaries and benefits, consultants' fees, process development costs, stock-based compensation and laboratory supplies, as well as fees paid to third parties that conduct certain research and development activities on the Company's behalf. In addition, research and development costs include the reimbursable costs incurred for the grant agreements, which includes payroll costs for time incurred on projects, laboratory supplies, and third-party research and development activities.

A substantial portion of the Company's ongoing research and development activities are conducted by third-party service providers. The Company records accrued expenses for estimated preclinical study and clinical trial expenses. Estimates are based on the services performed pursuant to contracts with research institutions, contract research organizations in connection with clinical studies, investigative sites in connection with clinical studies, vendors in connection with preclinical development activities, and contract manufacturing organizations in connection with the production of materials for clinical trials. Further, the Company accrues expenses related to clinical trials based on the level of patient enrollment and activity according to the related agreement. The Company monitors patient enrollment levels and related activity to the extent reasonably possible and make judgments and estimates in determining the accrued balance in each reporting period. If the Company underestimates or overestimates the level of services performed or the costs of these services, actual expenses could differ from estimates. To date, the Company has not experienced significant changes in its estimates of preclinical studies and clinical trial accruals.

Stock-based Compensation

Stock-based compensation for employee awards is measured on the grant date based on the fair value of the award and recognized on a straight-line basis over the requisite service period. The fair value of units granted without a strike price and restricted common stock is estimated using the Company's unit or share price on the grant date. The fair value of units with a strike price and options to purchase common stock are measured using the Black-Scholes option-pricing model. The Company accounts for forfeitures as they occur.

Stock-based compensation arrangements with nonemployees are recognized on the date of grant and remeasured to fair value at each reporting period. The expense is recognized over the vesting period which is generally the service period.

Comprehensive Loss

There are no components of other comprehensive loss for the Company. Thus, comprehensive loss is the same as the net loss for the periods presented.

Income Taxes

Alector LLC was a Delaware limited liability company and "pass-through" entity for federal and state income tax purposes. As a result, the Company's taxable losses were allocated to the members in accordance with the LLC operating agreement. Accordingly, no federal or state income tax was assessed to Alector LLC from inception through October 12, 2017. Subsequent to the Conversion, Alector, Inc., as a Delaware corporation and parent company of Alector LLC, is subject to federal, state, and local income taxes.

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have

been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to recover or settle. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The deferred tax assets are recognized to the extent the Company believes that these assets are more likely than not to be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Due to the Company's historical operating performance and the recorded cumulative net losses in prior fiscal periods, the net deferred tax assets have been fully offset by a valuation allowance.

The Company records uncertain tax positions using a two-step process. First, the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position. Second, for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits on the interest expense line and other expense line, respectively, in the accompanying statements of operations. Accrued interest and penalties are included on the related liability lines in the balance sheet.

Employee 401(k) Plan

The Company has a qualified contributory savings plan under Section 401(k) of the Internal Revenue Code (the "Code") covering substantially all U.S. employees of Alector. The 401(k) plan is designed to provide tax-deferred retirement benefits in accordance with the provisions of Section 401(k) of the Code. Eligible employees may defer up to 100% of their eligible compensation up to the annual maximum as determined by the Internal Revenue Service. The Company's contributions to the plan are discretionary. For the years ended December 31, 2016 and 2017, the Company did not make any contributions to the plan.

Segments

The Company has one operating segment. The Company's chief decision maker, its Chief Executive Officer, manages the Company's operations on a consolidated basis for purposes of allocating resources.

Reclassifications

Preferred units has been reclassified to mezzanine equity from permanent equity on the consolidated financial statements for prior periods to conform with the current period presentation.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The Company will

adopt ASU 2016-02 effective January 1, 2019. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* ("ASU 2018-11"). In issuing ASU 2018-11, the FASB is permitting another transition method for ASU 2016-02, which allows the transition to the new lease standard by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently in the process of evaluating the impact the adoption of this new standard on the Company's financial statements and related disclosures. Management expects that the adoption of this standard will result in the recognition of a right-of-use asset for leased facilities and recognition of a liability for the lease payments remaining on the lease. These changes will be reflected on the consolidated balance sheets. Management does not expect a material change to the consolidated statement of operations and comprehensive loss or cash flows.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*. The new standard simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The new standard is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than a company's adoption date of ASC 606. The Company is currently assessing the impact of this standard on its financial statements and related disclosures.

3. Fair Value Measurements

The following tables summarize the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Money market fund	$50,588	$ —	$ —	$50,588
Total financial assets	$50,588	$ —	$ —	$50,588

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Assets:				
Money market fund	$27,201	$ —	$ —	$27,201
Total financial assets	$27,201	$ —	$ —	$27,201

There were no transfers between Levels 1, 2, or 3 for any of the periods presented.

ALECTOR, INC.

Notes to Consolidated Financial Statements

4. Balance Sheet Components

Property and Equipment, Net

Property and equipment, net consists of the following:

	December 31,	
	2016	2017
	(In thousands)	
Lab equipment	$2,637	$3,527
Computer equipment	89	157
Office equipment	7	17
Leasehold improvements	103	113
Property and equipment, gross	2,836	3,814
Less accumulated depreciation and amortization	(300)	(980)
Total property and equipment, net	$2,536	$2,834

Accrued Liabilities

Accrued liabilities consist of the following:

	December 31,	
	2016	2017
	(In thousands)	
Accrued research and development costs	$ 35	$1,471
Accrued employee compensation	303	1,294
Accrued professional services	15	387
Accrued property and equipment	—	201
Other	5	102
Total accrued liabilities	$ 358	$3,455

5. Commitments and Contingencies

Operating Lease

The Company leases its headquarters with its main offices and laboratory facilities in South San Francisco under a sublease agreement that ends in April 2019. The Company also has laboratory facilities in Milpitas under an agreement that ends in January 2022. Rent increases, including the impact of a rent holiday, were recognized as deferred rent, which is included in other liabilities in the accompanying consolidated balance sheets. Rent expense is recognized on a straight-line basis over the term of the original lease.

ALECTOR, INC.

Notes to Consolidated Financial Statements

The following are minimum future rental payments owed under the Company's operating leases as of December 31, 2017:

	(In thousands)
2018	$ 1,116
2019	530
2020	229
2021	236
2022	20
Total	$ 2,131

Rent expense for the years ended December 31, 2016 and 2017, was $0.6 million and $1.1 million, respectively.

6. Convertible Preferred Stock

As discussed in Note 1, on October 12, 2017, all of the Company's outstanding preferred units converted into shares of convertible preferred stock on a 1-for-1 basis.

The following tables summarizes the authorized, issued, and outstanding preferred units and convertible preferred stock of the Company:

	December 31, 2016				
	Units Authorized	Units Issued and Outstanding	Issuance Price per Unit	Net Proceeds	Aggregate Liquidation Preference
	(In thousands, except unit and per unit data)				
Preferred Units:					
Series A-1	1,000,000	1,000,000	$ 0.40	$ 354	$ 400
Series A-2	10,549,450	10,549,450	0.91	9,554	9,600
Series B	5,000,000	5,000,000	1.20	5,968	6,000
Series C	12,088,016	12,088,016	2.67	32,158	32,275
Series D	7,363,737	7,363,737	4.01	29,451	29,529
Total preferred units	36,001,203	36,001,203		$77,485	$ 77,804

	December 31, 2017				
	Shares Authorized	Shares Issued and Outstanding	Issuance Price per Share	Net Proceeds	Aggregate Liquidation Preference
	(In thousands, except share and per share data)				
Convertible Preferred Stock:					
Series A-1	1,000,000	1,000,000	$ 0.40	$ 354	$ 400
Series A-2	10,549,450	10,549,450	0.91	9,554	9,600
Series B	5,000,000	5,000,000	1.20	5,968	6,000
Series C	12,088,016	12,088,016	2.67	32,158	32,275
Series D	7,363,737	7,363,737	4.01	29,451	29,529
Total convertible preferred stock	36,001,203	36,001,203		$77,485	$ 77,804

The Company recorded its preferred units at the issuance price on the dates of issuance, net of issuance costs. As of December 31, 2016 and 2017, the Company classified the preferred units and convertible

preferred stock as temporary equity because the shares are contingently redeemable outside the control of the Company. During the years ended December 31, 2016 and 2017, the Company did not adjust the carrying values of the preferred units and convertible preferred stock to the deemed redemption values of such shares since a redemption event is not probable of occurring. Subsequent adjustments to increase the carrying values to the ultimate redemption values will be made only when it becomes probable that such a redemption event will occur.

As of December 31, 2017, the holders of the convertible preferred stock had the following rights and preferences:

Optional Conversion Rights

Each share of convertible preferred stock is, at the option of the holder, convertible into the number of fully paid and non-assessable shares of common stock as determined by dividing the original issue price applicable to such convertible preferred stock by the conversion price in effect at that time. The conversion price for each series of convertible preferred stock shall initially be the original issue price of such series of preferred stock and is subject to adjustment from time to time for events such as future stock splits, combinations, and dividends in accordance with conversion provisions contained in the Company's Amended and Restated Certificate of Incorporation. Additionally, the conversion price is subject to adjustment from time to time in the event of dilutive issuances based on a broad-based weighted average anti-dilution formula. All series of convertible preferred stock are currently convertible into common stock on a 1-for-1 basis.

Automatic Conversion Rights

Each share of convertible preferred stock is automatically convertible into shares of common stock based on the then effective conversion price (i) upon the affirmative election of (x) the holders of at least 50% of the then outstanding Series A-1 convertible preferred stock, Series A-2 convertible preferred stock, and Series B convertible preferred stock, voting together as a single and separate class on an as-converted basis and (y) the holders of at least 50% of the then outstanding Series C convertible preferred stock and Series D convertible preferred stock, voting together as a single and separate class on an as-converted basis (clauses (x) and (y) together, the Requisite Vote) or (ii) immediately upon the closing of a firm-commitment underwritten public offering filed under the Securities Act of 1933, as amended, covering the offer and sale of common stock for the account of the Company at a price of at least three times the original issue price per share of Series D convertible preferred stock (subject to adjustment in the event of any recapitalizations) and in which the gross proceeds to the Company are at least $10.0 million.

Voting Rights

Each share of convertible preferred stock has a number of votes equal to the number of shares of common stock into which it is convertible. The holders of the Series A-1, Series A-2, Series B, Series C, and Series D convertible preferred shares shall vote together with the holders of shares of common stock as a single class. Additionally, as long as at least 7,200,240 shares of convertible preferred stock are outstanding (subject to adjustment in the event of any recapitalizations), the Company must obtain approval from the Requisite Vote in order to effect certain corporate actions. The holders of convertible preferred stock, voting together as a single class, shall be entitled to elect three members of the Company's board of directors. The holders of common stock shall be entitled to elect three members of the Company's board of directors. Any additional members of the board of directors shall be elected by

the holders of a majority of the outstanding common stock and convertible preferred stock of the Company, voting together as a single class on an as-converted basis.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, or Deemed Liquidation Event, the holders of convertible preferred stock shall be entitled to receive, before any payments of the Company to the holders of shares of common stock, the greater of (i) an amount equal to the per share issue price of such series of convertible preferred stock ($0.40 per share for Series A-1 convertible preferred stock, $0.91 per share for Series A-2 convertible preferred stock, $1.20 per share for Series B convertible preferred stock, $2.67 per share for Series C convertible preferred stock, and $4.01 per share for Series D convertible preferred stock), plus all declared and unpaid dividends on such shares or (ii) such amount per share as would have been payable had all shares of such applicable series of convertible preferred stock been converted to common stock immediately prior to such liquidation event. If available assets are insufficient to pay the full liquidation preference, available assets will be distributed ratably among the holders of the convertible preferred stock based on amounts that would be received if such shares were paid in full. After the payment of the liquidation preference, all remaining assets available for distribution will be distributed ratably among the holders of the common stock.

A Deemed Liquidation Event is defined as (i) a merger or consolidation in which the Company or a subsidiary of the Company is a constituent party and the Company issues shares of its common stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of common stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of common stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the common stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; (ii) a sale, lease, transfer exclusive license, or other disposition in a single transaction or series of related transactions of all or substantially all of the assets of the Company unless the holders of the Requisite Vote elect otherwise by written notice sent to the Company at least ten days prior to the effective date of any such event.

Dividend Rights

The Company’s convertible preferred stock does not have a stated dividend rate. However, the convertible preferred stockholders do have preference regarding any distributions made by the Company that will be equal to the amount that would be received if the preferred shares were converted into common shares.

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Notes to Consolidated Financial Statements

7. Stock-based Compensation

The Company recognized stock-based compensation as follows:

	Year Ended December 31,	
	2016	2017
	(In thousands)	
Research and development	$ 1,727	$ 4,392
General and administrative	236	962
Total stock-based compensation	$ 1,963	$ 5,354

Determination of Fair Value

The estimated grant-date fair value of all the Company's profit interest units and options to purchase common stock was calculated using the Black-Scholes option pricing model, based on the following assumptions:

	December 31,	
	2016	2017
Expected term (in years)	6.1 – 10.0	6.0 – 10.0
Expected volatility	77%	75%
Risk-free interest rate	1.2 – 2.5%	1.9 – 2.4%
Dividend yield	0%	0%

The fair value of each profit interest unit and stock option was determined by the Company using the methods and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment and estimation by management.

Expected Term—The expected term represents the period that stock-based awards are expected to be outstanding. The Company's profit interest units did not have a contractual term. However, there is a constructive maturity of the profit interest units based on the expected exit or liquidity scenarios for the Company. The Company's historical share option exercise is limited due to a lack of sufficient data points and did not provide a reasonable basis upon which to estimate an expected term. The expected term was derived by using the simplified method which uses the midpoint between the average vesting term and the contractual expiration period of the stock-based award. The expected term for options issued to nonemployees is the contractual term.

Expected Volatility—The Company has limited information on the volatility of profit interest units and stock options as the shares are not actively traded on any public markets. The expected volatility was derived from the historical stock volatilities of comparable peer public companies within its industry. These companies are considered to be comparable to the Company's business over a period equivalent to the expected term of the stock-based awards.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the profit interest units' and stock options expected term.

Expected Dividend Rate—The expected dividend is zero as the Company has not paid nor does it anticipate paying any dividends on its stock options in the foreseeable future.

Profit Interest Units

The profit interest units have a “strike price” and are economically similar to a stock option with an exercise price. In the event of a distribution by the Company, the proceeds distributed to the holder would be reduced by the strike price. Profit interest units generally vest 25% after one-year with the remainder vesting quarterly over the following three-year period.

Activity for the profit interest units is shown below:

	Number of Units	Weighted Average Grant Date Fair Value per Unit
Unvested as of December 31, 2015	333,614	$ 1.16
Granted	1,136,500	1.80
Vested	(130,011)	1.19
Cancelled/forfeited	(134,540)	1.47
Unvested as of December 31, 2016	1,205,563	1.72
Granted	2,483,500	4.76
Vested	(363,387)	1.89
Cancelled/forfeited	(8,338)	1.17
Exchange of unvested profit interest units for restricted common stock upon the Conversion	(3,317,338)	3.98
Unvested as of December 31, 2017	—	—

As discussed in Note 1, on October 12, 2017, the profit interest units were all converted to common stock upon the Conversion. As part of the Conversion, 4,368,368 profit interest units were converted on a net issuance basis into 4,201,003 common stock awards with no strike price, with 3,165,350 unvested shares still subject to vesting restrictions. No changes were made to the vesting provisions of the shares.

Restricted Units and Restricted Common Stock

The restricted units have no strike price and generally vest 25% upfront with the remainder vesting quarterly over a four-year period. The restricted units converted into restricted common stock upon the Conversion in October 2017.

ALECTOR, INC.

Notes to Consolidated Financial Statements

Activity for the restricted units is shown below:

	Number of Units	Weighted Average Grant Date Fair Value per Unit
Unvested restricted units as of December 31, 2015	3,505,094	$ 0.20
Vested	(1,833,333)	0.14
Cancelled/forfeited	(191,562)	0.25
Unvested restricted units as of December 31, 2016	1,480,199	0.26
Vested prior to conversion from LLC to corporation	(1,277,275)	0.09
Exchange of unvested restricted units for restricted common stock upon the Conversion	(202,924)	1.33
Unvested restricted units as of December 31, 2017	—	—

Activity for the restricted common stock is shown below:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested restricted common stock as of December 31, 2016	—	$ —
Exchange of unvested profit interest units for restricted common stock upon the Conversion	3,165,350	6.95
Exchange of unvested restricted units for restricted common stock upon the Conversion	202,924	6.95
Vested	(170,227)	6.95
Cancelled/forfeited	(49,234)	6.95
Unvested restricted common stock as of December 31, 2017	3,148,813	6.95

In the Conversion, the profit interest units and restricted units were cancelled and replaced with replacement awards. The profit interest units were replaced on a net issuance basis and the restricted units were replaced on a 1-for-1 basis. Unvested units were replaced with restricted common stock and vested units were replaced with common stock. The grant date fair value of the replacement awards was determined to be the fair value of the common stock on the date of the Conversion. Any incremental value of the replacement award, as compared to the original award, is recognized as compensation expense. As part of the Conversion, there was an incremental $0.3 million of stock-based compensation resulting from the modification, of which $0.1 million was recognized in 2017 upon the exchange for the vested awards and $0.2 million will be recognized over the remaining vesting period for the shares that remain, subject to vesting requirements. The Company calculated the incremental expense by comparing the fair value of the profit interest units directly prior to the Conversion to the fair value of the restricted common stock directly after the Conversion. The Company's outstanding common stock, as presented, includes shares which are subject to repurchase.

The fair value of shares vested during the year ended December 31, 2016 and 2017, was $4.1 million and $9.1 million, respectively. As of December 31, 2017, total unrecognized stock-based compensation related to unvested restricted common stock issued to employees was $12.6 million, which the Company expects to recognize over a remaining weighted-average period of 3.4 years.

2017 Stock Option and Grant Plan

On October 13, 2017, the Company adopted the 2017 Plan under which the Board may issue stock options, restricted stock awards, unrestricted stock awards, and restricted stock units to employees, directors, and consultants. The board of directors has the authority to determine to whom options or stock will be granted, the number of shares, the term, and the exercise price. If an individual owns stock representing 10% or more of the outstanding shares, the price of each share shall be at least 110% of the fair market value. Options granted under the 2017 Plan have a term of up to ten years and generally vest over a four-year period with straight-line vesting and a 25% one-year cliff. As of December 31, 2017, the Company had reserved 5,275,666 shares of common stock for issuance under the 2017 Plan, of which 1,526,734 shares were available for issuance.

Activity for the options to purchase common stock shown below:

	Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2016	—	$ —	—	$ —
Granted	22,500	6.95		
Outstanding as of December 31, 2017	22,500	6.95	9.7	$ —
Exercisable as of December 31, 2017	—	—	—	$ —
Vested and expected to vest as of December 31, 2017	22,500	6.95	9.7	$ —

As of December 31, 2017, total unrecognized stock-based compensation related to unvested stock options issued to employees was $0.1 million, which the Company expects to recognize over a remaining weighted-average period of 3.7 years.

8. Income Taxes

The Company was classified as a partnership for U.S. income tax purposes through the Conversion on October 12, 2017. The Company incurred net losses for the year ended December 31, 2017. The Company has not reflected any benefit of such net operating loss carryforwards in the accompanying financial statements. The Company has established a full valuation allowance against its deferred tax assets due to the uncertainty surrounding realization of such assets.

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Notes to Consolidated Financial Statements

The tax effects of temporary differences that give rise to significant components of the Company's deferred tax assets for the year ended December 31, 2017, consist of (in thousands):

Deferred tax assets:	
Net operating loss	$ 4,363
Accrued bonus	230
Research and development credits	574
Others	73
Gross deferred tax assets	5,240
Less valuation allowance	(5,026)
Total deferred tax assets	$ 214
Deferred tax liabilities:	
Depreciation and amortization	$ (214)
Gross deferred tax liabilities	(214)
Deferred tax assets, net	$ —

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred assets will be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Evaluating the need for a valuation allowance for deferred tax assets often requires judgment and analysis of all the positive and negative evidence available, including cumulative losses in recent years and projected future taxable income, to determine whether all or some portion of the deferred tax assets will not be realized. As of December 31, 2017, the Company has utilized a full valuation allowance to offset the net deferred tax assets as the Company believes it is not more likely than not that the net deferred tax assets will be fully realizable.

As of December 31, 2017, the Company had federal and California net operating loss ("NOL") carryforwards of approximately $17.5 million and $17.6 million, respectively. Federal and state NOL carryforwards will begin to expire in 2037, if not utilized. As of December 31, 2017, the Company also had federal and California research credit carryforward of approximately $0.4 million and $0.4 million, respectively. The federal research credits will begin to expire in 2037 while the California research credits have no expiration date.

Generally, utilization of the NOL carryforwards and credits may be subject to an annual limitation due to the ownership change limitations provided by Section 382, which provides for limitations on NOL carryforwards and certain built-in losses following ownership changes, and Section 383, which provides for special limitations on certain excess credits, etc., of the Code, and similar state provisions. Accordingly, the Company's ability to utilize NOL carryforwards may be limited as the result of such an "ownership change." A formal Section 382 study was not performed through December 31, 2017. The carryforwards could be subject to an annual limitation, resulting in a reduction in the gross deferred tax assets before considering the valuation allowance. Further, a portion of the carryforwards may expire before being applied to reduce future earnings.

A reconciliation of the federal statutory rate to the Company's effective tax rate is as follows for the year ended December 31, 2017:

Tax benefit at federal statutory rate	$(11,038)
Pre-conversion passthrough loss	7,331
Research and development credits	(351)
Federal uncertain tax positions	102
Stock-based compensation	470
Impact of federal rate change	2,329
Nondeductible expense	126
Change of valuation allowance	782
Others	249
Income tax provision	$ —

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act reduces the federal corporate income tax rate from 35% to 21% effective January 1, 2018, which the Company expects will positively impact the Company's future effective tax rate and after-tax earnings in the United States. The Company has recorded a decrease related to DTAs and DTLs, with an offset by the valuation allowance. As a result, the tax provision impact related to the federal tax rate change is zero. The Company may also be affected by certain other aspects of the Tax Act including, without limitation, provisions regarding modification of 162(m) rules. However, the Company does not expect those provisions will have any material impact on the Company's financial results, while the Company maintains a full valuation allowance.

On December 22, 2017, Staff Account Bulletin No. 118 ("SAB 118") was issued to address the applications of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. Because the Company is still in the process of analyzing certain provisions of the Tax Act, in accordance with SAB 118, the Company has determined that the adjustment to its deferred taxes was a provisional amount and a reasonable estimate as of December 31, 2017.

The following table summarizes the activity related to the Company's unrecognized tax benefits for the year ended December 31, 2017 (in thousands):

Balance as of December 31, 2016	$ —
Increases related to tax positions taken during the prior year	227
Increases related to tax positions taken during the current year	403
Balance as of December 31, 2017	$630

If the unrecognized tax benefits for uncertain tax positions as of December 31, 2017, is recognized, there will be no impact to the effective tax rate as the tax benefit would increase the deferred tax assets, which is currently offset with a full valuation allowance. The Company's policy is to include interest and penalties related to unrecognized tax benefits, if any, within the provision for taxes in the consolidated statements of operations. The Company did not accrue any interest or penalties and does not have any tax positions for interest or penalties for the year ended December 31, 2017. The Company does not have any tax positions for which it is reasonably possible that the total amount of gross unrecognized tax benefits will significantly change within 12 months of December 31, 2017.

The Company recognizes the tax benefit of an uncertain tax position only if it is more likely than not that the position is sustainable upon examination by the taxing authority, based on the technical merits. The Company

uses a two-step approach to recognize and measure uncertain tax positions. During the year ended December 31, 2017, the Company recorded a tax reserve of $0.6 million as a reduction of the research credit carryover.

The Company files federal and state income tax returns in jurisdictions with varying statutes of limitations. Due to its NOL carryforwards, the Company's income tax returns generally remain subject to examination by federal and most state tax authorities. The Company is currently not subject to any income tax audits by federal or state taxing authorities. The statute of limitations for tax liabilities for all years remains open.

9. Related Party Transactions

In 2014, the Company entered into a collaboration agreement with Adimab, LLC ("Adimab"), which (as amended, and together with certain applicable option exercise letters the Company sent to Adimab, the "Adimab Collaboration Agreement"). The Company works with Adimab to discover and optimize antibodies directed against certain targets selected by the Company. Under the Adimab Collaboration Agreement, the Company is required to fund, and the Company and Adimab are required to use commercially reasonable efforts to conduct certain research to discover and optimize antibodies directed against targets selected by the Company. The Company is developing antibodies discovered by Adimab in its AL001 and AL101 product candidates, and the Company is developing antibodies optimized by Adimab in its AL002 and AL003 product candidates. The Chief Executive Officer of Adimab is a Co-Founder and Chairperson of the board of directors of Alector. For the years ended December 31, 2016 and 2017, Alector incurred expenses of $0.6 million and $0.4 million for services provided by Adimab, respectively. As of December 31, 2016 and 2017, the Company had an accounts payable balance of $0.1 million relating to services provided by Adimab. The Company will owe up to $3.5 million in milestone payments per program to Adimab for its product candidates. We will also owe low- to mid-single-digit royalty payments for commercial sales of such product candidates.

10. Net Loss Per Share and Unaudited Pro Forma Net Loss Per Share

The following outstanding potentially dilutive shares have been excluded from the calculation of diluted net loss per share for the periods presented due to their anti-dilutive effect:

	Year Ended December 31,	
	2016	2017
Convertible preferred stock	36,001,203	36,001,203
Restricted stock subject to future vesting	1,480,199	3,148,813
Options to purchase common stock	—	22,500
Profit interest units	1,893,201	—
Total	39,374,603	39,172,516

The following table sets forth the computation of the Company's unaudited pro forma basic and diluted net loss per share during the year ended December 31, 2017 (in thousands, except share and per share amounts):

	Year Ended December 31, 2017
Net loss	$ (32,480)
Shares used in computing net loss per share, basic and diluted	9,142,688
Pro forma adjustment to reflect assumed conversion of convertible preferred stock	36,001,203
Shares used in computing pro forma net loss per share, basic and diluted	45,143,891
Pro forma net loss per share, basic and diluted	$ (0.72)

Pro forma basic and diluted net loss per share has been computed to give effect to the conversion of all outstanding convertible preferred stock into shares of common stock. The unaudited pro forma net loss per share does not include the shares expected to be sold and related proceeds to be received from the initial public offering. The unaudited pro forma net loss per share for the year ended December 31, 2017, was computed using the weighted-average number of shares of common stock outstanding, including the pro forma effect of the conversion of all outstanding shares of convertible preferred stock into shares of common stock, as if such conversion had occurred at the beginning of the period, or their issuance dates if later.

11. Subsequent Events

The Company has evaluated subsequent events that may require adjustments to or disclosure in the consolidated financial statements through October 12, 2018, the date on which the December 31, 2017 consolidated financial statements were issued.

In April 2018 and July 2018, the Company issued 9,349,012 shares of Series E convertible preferred stock at a price of $14.2154 per share for aggregate gross proceeds of $132.9 million.

In June 2018, the Company signed a lease agreement to lease approximately 105,000 square feet in a new office in South San Francisco that will be the new headquarters when the current lease ends in April 2019.

ALECTOR, INC.

Condensed Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31, 2017	June 30, 2018 (Unaudited)	Pro Forma Stockholders' Equity as of June 30, 2018 (Unaudited)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 32,451	$ 48,910	
Marketable securities	—	219,189	
Receivable from collaboration partner	200,000	—	
Accounts receivable	238	—	
Prepaid expenses and other current assets	285	1,921	
Total current assets	232,974	270,020	
Property and equipment, net	2,834	3,246	
Restricted cash	—	1,472	
Other assets	252	145	
TOTAL ASSETS	$ 236,060	$ 274,883	
LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)			
CURRENT LIABILITIES:			
Accounts payable	$ 1,140	$ 105	
Accrued clinical supply costs	3,820	2,775	
Accrued liabilities	3,455	3,465	
Deferred revenue, current portion	18,978	30,526	
Deferred rent, current portion	10	18	
Total current liabilities	27,403	36,889	
Deferred revenue, long-term portion	183,150	159,742	
Deferred rent, long-term portion	41	32	
Other long-term liabilities	14	49	
TOTAL LIABILITIES	210,608	196,712	
Commitments and Contingencies (Note 5)			
Convertible preferred stock; $0.0001 par value; 36,001,203 and 44,442,752 shares authorized as of December 31, 2017 and June 30, 2018 (unaudited), respectively; 36,001,203 and 40,943,028 shares issued and outstanding as of December 31, 2017 and June 30, 2018 (unaudited), respectively; liquidation preference of $148,054 as of June 30, 2018 (unaudited); no shares authorized, issued, and outstanding, pro forma (unaudited)	77,485	147,569	$ —
STOCKHOLDERS' EQUITY (DEFICIT):			
Common stock, $0.0001 par value; 52,000,000 and 65,000,000 shares authorized as of December 31, 2017 and June 30, 2018 (unaudited), respectively; 13,776,153 and 13,764,829 shares outstanding as of December 31, 2017 and June 30, 2018 (unaudited), respectively; 54,707,857 shares issued and outstanding, pro forma (unaudited)	1	1	5
Additional paid-in capital	10,153	12,438	160,003
Accumulated other comprehensive loss	—	(92)	(92)
Accumulated deficit	(62,187)	(81,745)	(81,745)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(52,033)	(69,398)	$ 78,171
TOTAL LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)	$ 236,060	$ 274,883	

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

ALECTOR, INC.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(In thousands, except share and per share data)
(Unaudited)

	Six Months Ended June 30,	
	2017	2018
Revenue:		
Collaboration revenue	$ —	$ 11,860
Grant revenue	523	169
Total revenue	523	12,029
Operating expenses:		
Research and development	11,090	28,542
General and administrative	2,214	4,943
Total operating expenses	13,304	33,485
Loss from operations	(12,781)	(21,456)
Other income, net	112	1,898
Net loss	(12,669)	(19,558)
Unrealized loss on marketable securities	—	(92)
Comprehensive loss	$ (12,669)	$ (19,650)
Net loss per share, basic and diluted	$ (1.49)	$ (1.78)
Shares used in computing net loss per share, basic and diluted	8,497,527	11,008,568
Pro forma net loss per share, basic and diluted		$ (0.40)
Shares used in computing pro forma net loss per share, basic and diluted		48,811,762

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

ALECTOR, INC.

Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2017	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(12,669)	$ (19,558)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	323	464
Stock-based compensation	2,277	2,285
Accretion of discount on marketable securities	—	(953)
Loss from disposal of fixed assets	—	89
Changes in operating assets and liabilities:		
Accounts receivable	218	238
Prepaid expenses and other current assets	(329)	(1,636)
Other assets	(2)	153
Accounts payable	720	(830)
Accrued liabilities and accrued clinical supply costs	626	(949)
Deferred revenue	—	188,140
Deferred rent	18	(1)
Other long-term liabilities	—	35
Net cash provided by (used in) operating activities	(8,818)	167,477
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(544)	(1,310)
Purchase of marketable securities	—	(268,328)
Maturities of marketable securities	—	50,000
Net cash used in investing activities	(544)	(219,638)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible preferred stock, net of issuance costs	—	70,092
Net cash provided by financing activities	—	70,092
Net increase (decrease) in cash, cash equivalents and restricted cash	(9,362)	17,931
Cash, cash equivalents, and restricted cash at beginning of period	51,038	32,451
Cash, cash equivalents, and restricted cash at end of period	$ 41,676	$ 50,382
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Property and equipment purchases included in accounts payable and accrued liabilities	$ 45	$ 8
Issuance costs for convertible preferred stock and deferred offering costs for IPO included in accrued liabilities	$ —	$ 107

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

ALECTOR, INC.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

1. The Company and Liquidity

Alector, Inc. ("Alector" or the "Company") is a Delaware corporation headquartered in South San Francisco, California. Alector is a biotechnology company focused on harnessing the immune system to cure neurodegenerative diseases.

Liquidity and Capital Resources

The Company has incurred net operating losses since inception. As of June 30, 2018, the Company had an accumulated deficit of $81.7 million and has not generated income from operations. Management believes that its existing financial resources are sufficient to continue operating activities at least one year past the issuance date of these condensed consolidated financial statements. To date, the Company has been able to fund its operations through the issuance and sale of preferred units and convertible preferred stock in addition to the Company's license and collaboration agreement with AbbVie Biotechnology, Ltd. ("AbbVie"). Future capital requirements will depend on many factors, including the timing and extent of spending on research and development and the market acceptance of the Company's products. There can be no assurance that, in the event the Company requires additional financing, such financing will be available at terms acceptable to the Company if at all. Failure to generate sufficient cash flows from operations, raise additional capital, and reduce discretionary spending should additional capital not become available could have a material adverse effect on the Company's ability to achieve its intended business objectives. These factors would have a material adverse effect on the Company's future financial results, financial position, and cash flows.

2. Summary of Significant Accounting Policies

Unaudited Interim Consolidated Financial Statements

The interim condensed consolidated balance sheet as of June 30, 2018, and the interim condensed consolidated statements of operations and comprehensive loss and cash flows for the six months ended June 30, 2017 and 2018, are unaudited. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal, recurring adjustments that are necessary to present fairly the Company's financial position as of June 30, 2018, and its results of operations and cash flows for the six months ended June 30, 2017 and 2018. The financial data and the other financial information contained in these notes to the condensed financial statements related to the six-month periods are also unaudited. The condensed consolidated balance sheet as of December 31, 2017, is derived from our audited financial statements included elsewhere in this prospectus. The results of operations for the six months ended June 30, 2018, are not necessarily indicative of the results to be expected for the year ending December 31, 2018, or for any other future annual or interim period. These interim condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements included elsewhere in this prospectus.

Unaudited Pro Forma Financial Information

Immediately upon the closing of this offering, all outstanding shares of convertible preferred stock will convert into common stock. Unaudited pro forma stockholders' equity information as of June 30, 2018, assumes the conversion of all outstanding convertible preferred stock into shares of common stock. The shares of common stock issuable and the proceeds expected to be received in the Company's anticipated initial public offering (the "IPO") are excluded from such pro forma financial information.

ALECTOR, INC.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. The Company evaluates its estimates, including those related to revenue recognition, manufacturing accruals, fair value of assets and liabilities, income taxes uncertainties, stock-based compensation, and related assumptions on an ongoing basis using historical experience and other factors and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could materially differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash, cash equivalents, and short-term marketable securities. Cash and cash equivalents are deposited in checking and sweep accounts at a financial institution. Such deposits may, at times, exceed federally insured limits. The Company holds investments in money market funds and U.S. treasury securities. The Company has not experienced any losses on its deposits of cash, cash equivalents, and marketable securities.

Cash, Cash Equivalents, and Restricted Cash

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

	Six Months Ended June 30,	
	2017	2018
	(In thousands)	
Cash and cash equivalents	$ 41,476	$ 48,910
Restricted cash	200	1,472
Total cash, cash equivalents, and restricted cash	$ 41,676	$ 50,382

Restricted cash as of June 30, 2018 relates to a letter of credit established for a lease entered into in June 2018.

Fair Value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, marketable securities, receivables, accounts payable, and accrued liabilities. The Company's financial instruments approximate fair value due to their relatively short maturities.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines the fair value of its financial instruments based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

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.

Revenue Recognition

The Company signed an agreement in October 2017, with AbbVie to co-develop antibodies to two program targets in preclinical development. Under the terms of the agreement, AbbVie made $205.0 million in upfront payments, of which $5.0 million and $200.0 million was received by the Company in October 2017 and January 2018, respectively. Alector will perform research and development services for the antibodies to the two programs through the end of Phase 2 clinical trials. AbbVie will then have the exclusive right to exercise an option to enter into a license and collaboration agreement with the Company for one or both of the programs. If AbbVie exercises its option for a program, AbbVie will take over the development of the product candidates for such program and costs will be split between the parties. The Company will also share in profits and losses upon commercialization of any products from such program. However, following AbbVie's exercise of its option for a program, the Company may opt out of sharing in development costs and profits or losses for that program and instead receive tiered royalties. Additionally, under the terms of the agreement, if AbbVie exercises both of its options, and both programs meet all milestones, the Company will be eligible to earn up to an additional $985.6 million in milestone payments and option-exercise fees. The Company assessed its collaboration agreement with AbbVie in the context of the delivery of the research and development services.

Collaboration revenue under the Company's collaboration agreement with AbbVie during the six months ended June 30, 2018 was $11.9 million, which the entire amount was included in deferred revenue at the beginning of the period. The Company recorded deferred revenue of $190.3 million as of June 30, 2018. The deferred revenue is expected to be recognized over the research and development period of the programs through the completion of Phase 2 clinical trials.

Comprehensive Loss

Comprehensive loss includes net loss and certain changes in stockholders' equity that are the result of transactions and economic events other than those with stockholders. The Company's only element of other comprehensive loss was unrealized losses on marketable securities.

Deferred Offering Costs

Offering costs, consisting of legal, accounting, printer, and filing fees related to the IPO are deferred and will be offset against proceeds from the IPO upon the effectiveness of the offering. In the event the offering is terminated, all deferred offering costs will be expensed. As of June 30, 2018, $0.1 million of deferred offering costs were recorded as other assets in the accompanying condensed consolidated balance sheet. There were no deferred offering costs for the IPO as of December 31, 2017.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the

principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The Company will adopt ASU 2016-02 effective January 1, 2019. In July 2018, the FASB issued ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements* ("ASU 2018-11"). In issuing ASU 2018-11, the FASB is permitting another transition method for ASU 2016-02, which allows the transition to the new lease standard by recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently in the process of evaluating the impact the adoption of this new standard on the Company's financial statements and related disclosures. Management expects that the adoption of this standard will result in the recognition of a right-of-use asset for leased facilities and recognition of a liability for the lease payments remaining on the leases. These changes will be reflected on the condensed consolidated balance sheets. Management does not expect a material change to the condensed consolidated statement of operations and comprehensive loss or cash flows.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Payment Accounting*. The new standard simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The new standard is effective for public companies for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. Early adoption is permitted, but no earlier than a company's adoption date of ASC 606. The Company is currently assessing the impact of this standard on its financial statements and related disclosures.

3. Fair Value Measurements

The following tables summarize the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy:

	December 31, 2017				
	Fair Value Hierarchy	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Market Value
		(In thousands)			
Money market funds	Level 1	$ 27,201	$ —	$ —	$27,201
Total cash equivalents and marketable securities		$ 27,201	$ —	$ —	$27,201

	June 30, 2018				
	Fair Value Hierarchy	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Market Value
		(In thousands)			
Money market funds	Level 1	$ 38,676	$ —	$ —	$ 38,676
U.S. government treasury securities	Level 1	229,270	4	(96)	229,178
Total cash equivalents and marketable securities		$267,946	$ 4	$ (96)	$267,854

There were no transfers between Levels 1, 2, or 3 for any of the periods presented. The remaining maturities of all investments as of June 30, 2018 were less than one year.

ALECTOR, INC.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

4. Balance Sheet Components

Property and Equipment, Net

Property and equipment, net consists of the following:

	December 31, 2017	June 30, 2018
	(In thousands)	
Lab equipment	$ 3,527	$ 4,097
Computer equipment	157	218
Leasehold improvements	113	210
Office equipment	17	131
Construction in progress	—	8
Property and equipment, gross	3,814	4,664
Less accumulated depreciation and amortization	(980)	(1,418)
Total property and equipment, net	$ 2,834	$ 3,246

Accrued Liabilities

Accrued liabilities consist of the following:

	December 31, 2017	June 30, 2018
	(In thousands)	
Accrued research and development costs	$ 1,471	$1,468
Accrued employee compensation	1,294	1,109
Accrued professional services	387	773
Accrued property and equipment	201	8
Other	102	107
Total accrued liabilities	$ 3,455	$3,465

5. Commitments and Contingencies

Operating Lease

The Company leases its headquarters with its main offices and laboratory facilities in South San Francisco under a sublease agreement that ends in April 2019. The Company also has laboratory facilities in Milpitas under an agreement that ends in January 2022. In June 2018, the Company signed a lease agreement to lease approximately 105,000 square feet in new office and laboratory space in South San Francisco that will be the new headquarters when the current lease ends in April 2019. In connection with the lease, the Company entered into a letter of credit arrangement in the amount of $1.5 million as collateral for the lease, which is classified as restricted cash on the condensed consolidated balance sheets. The lease is over a ten-year term with an option to renew for a period of ten years. Rent increases, including the impact of a rent holiday, will be recognized as deferred rent, which is included in other liabilities in the accompanying condensed consolidated balance sheets. Rent expense is recognized on a straight-line basis over the term of the original lease.

The new lease agreement also provides up to $15.7 million in tenant improvement allowance to assist with costs for leasehold improvements and will be recorded as deferred rent. The Company amortizes the incentives on a straight-line basis over the term of the lease as a reduction of rent expense.

ALECTOR, INC.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

The following are minimum future rental payments owed under the Company's operating leases as of June 30, 2018:

	(In thousands)
2018 (remaining six months)	$ 560
2019	3,231
2020	6,882
2021	7,122
2022	7,146
2023 and thereafter	50,522
Total	$ 75,463

Rent expense for the six months ended June 30, 2017 and 2018, was $0.5 million and $0.6 million, respectively.

6. Convertible Preferred Stock

The Company issued 4,941,825 shares of Series E convertible preferred stock in April 2018 at an issuance price of $14.2154 per share.

The following tables summarizes the authorized, issued, and outstanding preferred units and convertible preferred stock of the Company:

	December 31, 2017				
	Shares Authorized	Shares Issued and Outstanding	Issuance Price per Share	Net Proceeds	Aggregate Liquidation Preference
	(In thousands, except share and per share data)				
Convertible Preferred Stock:					
Series A-1	1,000,000	1,000,000	$ 0.40	$ 354	$ 400
Series A-2	10,549,450	10,549,450	0.91	9,554	9,600
Series B	5,000,000	5,000,000	1.20	5,968	6,000
Series C	12,088,016	12,088,016	2.67	32,158	32,275
Series D	7,363,737	7,363,737	4.01	29,451	29,529
Total convertible preferred stock	36,001,203	36,001,203		$ 77,485	$ 77,804

	June 30, 2018				
	Shares Authorized	Shares Issued and Outstanding	Issuance Price per Share	Net Proceeds	Aggregate Liquidation Preference
	(In thousands, except share and per share data)				
Convertible Preferred Stock:					
Series A-1	1,000,000	1,000,000	$ 0.40	$ 354	$ 400
Series A-2	10,549,450	10,549,450	0.91	9,554	9,600
Series B	5,000,000	5,000,000	1.20	5,968	6,000
Series C	12,088,016	12,088,016	2.67	32,158	32,275
Series D	7,363,737	7,363,737	4.01	29,451	29,529
Series E	8,441,549	4,941,825	14.22	70,084	70,250
Total convertible preferred stock	44,442,752	40,943,028		$147,569	$ 148,054

ALECTOR, INC.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

The Company recorded its convertible preferred stock at the issuance price on the dates of issuance, net of issuance costs. As of December 31, 2017 and June 30, 2018, the Company classifies the convertible preferred stock as temporary equity because the shares are contingently redeemable outside the control of the Company. During the year ended December 31, 2017 and six months ended June 30, 2018, the Company did not adjust the carrying values of the convertible preferred stock to the deemed redemption values of such shares since a redemption event is not probable of occurring. Subsequent adjustments to increase the carrying values to the ultimate redemption values will be made only when it becomes probable that such a redemption event will occur.

As of June 30, 2018, the holders of the convertible preferred stock had the following rights and preferences:

Optional Conversion Rights

Each share of convertible preferred stock is, at the option of the holder, convertible into the number of fully paid and non-assessable shares of common stock as determined by dividing the original issue price applicable to such convertible preferred stock by the conversion price in effect at that time. The conversion price for each series of convertible preferred stock shall initially be the original issue price of such series of preferred stock and is subject to adjustment from time to time for events such as future stock splits, combinations, and dividends in accordance with conversion provisions contained in the Company's Second Amended and Restated Certificate of Incorporation. Additionally, the conversion price is subject to adjustment from time to time in the event of dilutive issuances based on a broad-based weighted average anti-dilution formula. All series of convertible preferred stock are currently convertible into common stock on a 1-for-1 basis.

Automatic Conversion Rights

Each share of convertible preferred stock is automatically convertible into shares of common stock based on the then effective conversion price (i) upon the affirmative election of the holders of at least 50% of the then outstanding convertible preferred stock, voting together as a single and separate class on an as-converted basis (the "Requisite Vote") or (ii) immediately upon the closing of a firm-commitment underwritten public offering filed under the Securities Act of 1933, as amended, covering the offer and sale of common stock for the account of the Company at a price of at least the original issue price per share of Series E convertible preferred stock (subject to adjustment in the event of any recapitalizations) and in which the gross proceeds to the Company are at least $10.0 million.

Voting Rights

Each share of convertible preferred stock has a number of votes equal to the number of shares of common stock into which it is convertible. The holders of the Series A-1, Series A-2, Series B, Series C, Series D, and Series E convertible preferred shares shall vote together with the holders of shares of common stock as a single class. Additionally, as long as at least 8,188,606 shares of convertible preferred stock are outstanding (subject to adjustment in the event of any recapitalizations), the Company must obtain approval from the Requisite Vote in order to effect certain corporate actions. The holders of convertible preferred stock, voting together as a single class, shall be entitled to elect three members of the Company's board of directors. The holders of common stock shall be entitled to elect three members of the Company's board of directors. Any additional members of the board of directors shall be elected by the holders of a majority of the outstanding common stock and convertible preferred stock of the Company, voting together as a single class on an as-converted basis.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, or Deemed Liquidation Event, the holders of convertible preferred stock shall be entitled to receive, before any payments of the Company to the holders of shares of common stock, the greater of (i) an amount equal to the per share issue price of such series of convertible preferred stock ($0.40 per share for Series A-1 convertible preferred stock, $0.91 per share for Series A-2 convertible preferred stock, $1.20 per share for Series B convertible preferred stock, $2.67 per share for Series C convertible preferred stock, $4.01 per share for Series D convertible preferred stock, and $14.2154 per share for Series E convertible preferred stock), plus all declared and unpaid dividends on such shares or (ii) such amount per share as would have been payable had all shares of such applicable series of convertible preferred stock been converted to common stock immediately prior to such liquidation event. If available assets are insufficient to pay the full liquidation preference, available assets will be distributed ratably among the holders of the convertible preferred stock based on amounts that would be received if such shares were paid in full. After the payment of the liquidation preference, all remaining assets available for distribution will be distributed ratably among the holders of the common stock.

A Deemed Liquidation Event is defined as (i) a merger or consolidation in which the Company or a subsidiary of the Company is a constituent party and the Company issues shares of its common stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of common stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of common stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the common stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; (ii) a sale, lease, transfer exclusive license, or other disposition in a single transaction or series of related transactions of all or substantially all of the assets of the Company unless the holders of the Requisite Vote elect otherwise by written notice sent to the Company at least ten days prior to the effective date of any such event.

Dividend Rights

The Company's convertible preferred stock does not have a stated dividend rate. However, the convertible preferred stockholders do have preference regarding any distributions made by the Company that will be equal to the amount that would be received if the preferred shares were converted into common shares.

7. Stock-based Compensation

The Company recognized stock-based compensation as follows:

	Six Months Ended June 30,	
	2017	2018
	(In thousands)	
Research and development	$ 2,081	$ 1,244
General and administrative	196	1,041
Total stock-based compensation	$ 2,277	$ 2,285

ALECTOR, INC.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

Restricted Common Stock

Activity for the restricted common stock is shown below:

	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested restricted common stock as of December 31, 2017	3,148,813	$ 6.95
Vested	(639,150)	6.95
Cancelled/forfeited	(11,324)	6.95
Unvested restricted common stock as of June 30, 2018	2,498,339	6.95

The Company's outstanding common stock, as presented, includes shares which are subject to repurchase. As of June 30, 2018, total unrecognized stock-based compensation related to unvested restricted common stock issued to employees was $9.9 million, which the Company expects to recognize over a remaining weighted-average period of 3.1 years.

2017 Stock Option and Grant Plan

On October 13, 2017, the Company adopted the 2017 Plan under which the board of directors may issue stock options, restricted stock awards, unrestricted stock awards, and restricted stock units to employees, directors, and consultants. As of June 30, 2018, the Company had reserved 8,899,858 shares of common stock for issuance under the Plan, of which 4,898,000 shares were available for issuance.

Activity for the options to purchase common stock shown below:

	Number of Options	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In thousands)
Outstanding as of December 31, 2017	22,500	$ 6.95	9.7	$ —
Granted	264,250	7.42		
Outstanding as of June 30, 2018	286,750	7.38	9.7	$ 224
Exercisable as of June 30, 2018	12,208	6.97	9.2	$ 15
Vested and expected to vest as of June 30, 2018	286,750	7.38	9.7	$ 224

As of June 30, 2018, total unrecognized stock-based compensation related to unvested stock options issued to employees was $1.2 million, which the Company expects to recognize over a remaining weighted-average period of 3.7 years.

ALECTOR, INC.

Notes to Unaudited Interim Condensed Consolidated Financial Statements

8. Net Loss Per Share and Unaudited Pro Forma Net Loss Per Share

The following outstanding potentially dilutive shares have been excluded from the calculation of diluted net loss per share for the periods presented due to their anti-dilutive effect:

	Six Months Ended June 30,	
	2017	2018
Convertible preferred stock	36,001,203	40,943,028
Restricted stock subject to future vesting	628,688	2,498,339
Options to purchase common stock	—	286,750
Profit interest units	2,724,201	—
Total	39,354,092	43,728,117

The following table sets forth the computation of the Company's unaudited pro forma basic and diluted net loss per share during the six months ended June 30, 2018 (in thousands, except share and per share amounts):

	Six Months Ended June 30, 2018
Net loss	$ (19,558)
Shares used in computing net loss per share, basic and diluted	11,008,568
Pro forma adjustment to reflect assumed conversion of convertible preferred stock	37,803,194
Shares used in computing pro forma net loss per share, basic and diluted	48,811,762
Pro forma net loss per share, basic and diluted	$ (0.40)

Pro forma basic and diluted net loss per share has been computed to give effect to the conversion of all outstanding convertible preferred stock into shares of common stock. The unaudited pro forma net loss per share does not include the shares expected to be sold and related proceeds to be received from the initial public offering. The unaudited pro forma net loss per share for the six months ended June 30, 2018, was computed using the weighted-average number of shares of common stock outstanding, including the pro forma effect of the conversion of all outstanding shares of convertible preferred stock into shares of common stock, as if such conversion had occurred at the beginning of the period, or their issuance dates if later.

9. Subsequent Events

The Company has evaluated subsequent events that may require adjustments to or disclosure in the unaudited interim condensed consolidated financial statements through October 12, 2018, the date on which the unaudited interim condensed consolidated financial statements were available to be issued.

In July 2018, the Company issued an additional 4,407,187 shares of Series E convertible preferred stock at a price of $14.2154 per share for aggregate gross proceeds of $62.6 million.

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the expenses to be incurred in connection with the offering described in this Registration Statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimates except the Securities and Exchange Commission's registration fee, the Financial Industry Regulatory Authority, Inc.'s filing fee and the exchange listing fee.

	Amount to be Paid
SEC Registration Fee	$ *
FINRA filing fee	*
Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous expenses	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law empowers a corporation to indemnify its directors and officers and to purchase insurance with respect to liability arising out of their capacity or status as directors and officers, provided that the person acted in good faith and in a manner the person reasonably believed to be in our best interests, and, with respect to any criminal action, had no reasonable cause to believe the person's actions were unlawful. The Delaware General Corporation Law further provides that the indemnification permitted thereunder shall not be deemed exclusive of any other rights to which the directors and officers may be entitled under the corporation's bylaws, any agreement, a vote of stockholders or otherwise. The certificate of incorporation of the registrant to be in effect upon the completion of this offering provides for the indemnification of the registrant's directors and officers to the fullest extent permitted under the Delaware General Corporation Law. In addition, the bylaws of the registrant to be in effect upon the completion of this offering require the registrant to fully indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) by reason of the fact that such person is or was a director or officer of the registrant, or is or was a director or officer of the registrant serving at the registrant's request as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit, or proceeding, to the fullest extent permitted by applicable law.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except (1) for any breach of the director's duty of loyalty to the corporation or its stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) for payments of unlawful dividends or unlawful stock repurchases or redemptions or (4) for any transaction from which the director derived an improper personal benefit. The registrant's certificate of incorporation to be in effect upon the completion of this offering

provides that the registrant's directors shall not be personally liable to it or its stockholders for monetary damages for breach of fiduciary duty as a director and that if the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the registrant's directors shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Section 174 of the Delaware General Corporation Law provides, among other things, that a director who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption may be held liable for such actions. A director who was either absent when the unlawful actions were approved, or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

As permitted by the Delaware General Corporation Law, the registrant intends to enter into separate indemnification agreements with each of the registrant's directors and certain of the registrant's officers which would require the registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status as directors, officers, or certain other employees.

The registrant expects to obtain and maintain insurance policies under which its directors and officers are insured, within the limits and subject to the limitations of those policies, against certain expenses in connection with the defense of, and certain liabilities which might be imposed as a result of, actions, suits, or proceedings to which they are parties by reason of being or having been directors or officers. The coverage provided by these policies may apply whether or not the registrant would have the power to indemnify such person against such liability under the provisions of the Delaware General Corporation Law.

These indemnification provisions and the indemnification agreements intended to be entered into between the registrant and the registrant's officers and directors may be sufficiently broad to permit indemnification of the registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act of 1933, as amended.

The underwriting agreement between the registrant and the underwriters to be filed as Exhibit 1.1 to this registration statement provides for the indemnification by the underwriters of the registrant's directors and officers and certain controlling persons against specified liabilities, including liabilities under the Securities Act with respect to information provided by the underwriters specifically for inclusion in the registration statement.

Item 15. Recent Sales of Unregistered Securities

The following list sets forth information regarding all unregistered securities sold by us since October 13, 2017. No underwriters were involved in the sales and the certificates representing the securities sold and issued contain legends restricting transfer of the securities without registration under the Securities Act or an applicable exemption from registration.

(1) In April 2018 and July 2018, we issued 9,349,012 shares of our Series E preferred stock at $14.2154 per share, for aggregate proceeds of $132.9 million to a total of 31 accredited investors.

(2) From October 13, 2017 to September 30, 2018, we granted stock options to purchase an aggregate of 3,064,500 shares of common stock upon the exercise of options under our 2017 Plan at exercise prices per share ranging from $6.95 to $8.47, for an aggregate exercise price of approximately $25.0 million.

(3) On October 13, 2017, we completed a reorganization whereby we converted from a Delaware limited liability company, under the name Alector LLC, to a Delaware corporation under the name Alector, Inc. (the "Conversion"). In conjunction with the Conversion, (i) all of our outstanding common units converted on a 1-for-1 basis into 9,421,460 shares of common stock; (ii) all of our outstanding preferred units converted on a 1-for-1 basis into 36,001,203 shares of convertible preferred stock; and (iii) our unvested restricted units

converted on a 1-for-1 basis into 202,924 shares of unvested restricted common stock. Prior to the Conversion, we had issued profit interest units to employees. Our vested profit interest units converted on a net issuance basis into 1,035,653 shares of common stock and our unvested profit interest units converted on a net issuance basis into 3,165,350 shares of restricted common stock.

The offers, sales, and issuances of the securities described in Items 15(1) were exempt from registration under the Securities Act under Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder as transactions by an issuer not involving a public offering. The recipients of securities in each of 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 these transactions. Each of the recipients of securities in these transactions was an accredited person and had adequate access, through employment, business, or other relationships, to information about the registrant.

The offers, sales, and issuances of the securities described in Items 15(2) and 15(3) were exempt from registration under the Securities Act under either (1) Rule 701 in that the transactions were under compensatory benefit plans and contracts relating to compensation as provided under Rule 701 or (2) Section 4(a)(2) of the Securities Act as transactions by an issuer not involving any public offering. The recipients of such securities were the registrant's employees, consultants, or directors and received the securities under the registrant's 2017 Plan. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions.

Item 16. Exhibit and Financial Statement Schedules

(a) Exhibits.

See the Exhibit Index immediately preceding the signature page hereto for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules.

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form

of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit Number	Description
1.1*	Form of Underwriting Agreement, including Form of Lock-up Agreement.
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be in effect upon the completion of this offering.
3.3	Bylaws of the Registrant, as currently in effect.
3.4*	Form of Amended and Restated Bylaws of the Registrant, to be in effect upon the completion of this offering.
4.1	Amended and Restated Registration Rights Agreement among the Registrant and certain of its stockholders, dated April 26, 2018.
4.2*	Specimen common stock certificate of the Registrant.
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, Professional Corporation.
10.1+*	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.2+	2017 Stock Option and Grant Plan, as amended, and forms of agreement thereunder.
10.3+*	2019 Equity Incentive Plan and forms of agreements thereunder, to be in effect upon the completion of this offering.
10.4+*	2019 Employee Stock Purchase Plan, to be in effect upon the completion of this offering.
10.5+*	Confirmatory Offer Letter between the Registrant and Arnon Rosenthal, Ph.D.
10.6+*	Confirmatory Offer Letter between the Registrant and Robert Paul, M.D., Ph.D.
10.7+*	Confirmatory Offer Letter between the Registrant and Robert King, Ph.D.
10.8+*	Confirmatory Offer Letter between the Registrant and Sabah Oney, Ph.D.
10.9+*	Confirmatory Offer Letter between the Registrant and Calvin Yu.
10.10+*	Executive Incentive Compensation Plan.
10.11+*	Outside Director Compensation Policy.
10.12+*	Change in Control and Severance Policy.
10.13	Sublease between the Registrant and CytomX Therapeutics, Inc., dated April 25, 2016.
10.14	Lease between the Registrant and HCP Oyster Point III, LLC, dated June 27, 2018.
10.15#	Third Amended and Restated Collaboration Agreement between the Registrant and Adimab, dated September 19, 2016, as amended.
10.16#	Co-Development and Option Agreement between the Registrant and AbbVie Biotechnology, Ltd., dated October 16, 2017.
21.1	List of subsidiaries of Registrant.
23.1*	Consent of Independent Registered Public Accounting Firm.
23.2*	Consent of Wilson Sonsini Goodrich & Rosati, Professional Corporation (included in Exhibit 5.1).
24.1	Power of Attorney (see page II-6 to this Form S-1).

* To be filed by amendment.
\+ Indicated management contract or compensatory plan.
\# Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment and this exhibit has been filed separately with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of South San Francisco, State of California, on , 2018.

ALECTOR, INC.

By: _____
Arnon Rosenthal, Ph.D.
Co-Founder and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Arnon Rosenthal, Ph.D., Sabah Oney, Ph.D., and Calvin Yu as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and substitution, for him or her and in his or her name, place, and stead, in any and all capacities (including his capacity as a director and/or officer of Alector, Inc.) to sign any or all amendments (including post-effective amendments) to this registration statement and any and all additional registration statements pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they, he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them, or their, his, or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
_____ Arnon Rosenthal, Ph.D.	Chief Executive Officer and Director *(Principal Executive Officer)*	, 2018
_____ Calvin Yu	Vice President, Finance *(Principal Financial and Accounting Officer)*	, 2018
_____ Tillman Gerngross, Ph.D.	Chairperson of the Board	, 2018
_____ Carl Gordon, Ph.D., CFA	Director	, 2018
_____ Terry McGuire	Director	, 2018
_____ Christine Brennan, Ph.D.	Director	, 2018
_____ Richard Scheller, Ph.D.	Director	, 2018
_____ David Wehner	Director	, 2018

Exhibit 3.1

SECOND AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
ALECTOR, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

Alector, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "**General Corporation Law**"),

DOES HEREBY CERTIFY:

1. That the name of this corporation is Alector, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on September 19, 2017 under the name AL Newco, Inc. The name of this corporation was changed on October 13, 2017 to Alector, Inc.

2. That the Board of Directors of this corporation has duly adopted this Amended and Restated Certificate of Incorporation in accordance with Sections 242 and 245 of the General Corporation Law, pursuant to resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is Alector, Inc. (the "**Corporation**").

SECOND: The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, 19801. The name of the registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 109,442,752, consisting of (i) 65,000,000 shares of Common Stock, $0.0001 par value per share ("**Common Stock**") and (ii) 44,442,752 shares of Preferred Stock, $0.0001 par value per share ("**Preferred Stock**").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein.

2. Voting. The holders of the Common Stock are entitled to one vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to the Certificate of Incorporation that relates solely to the terms of one or more outstanding Series of Preferred Stock if the holders of such affected Series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Certificate of Incorporation or pursuant to the General Corporation Law. There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by (in addition to any vote of the holders of one or more Series of Preferred Stock that may be required by the terms of the Certificate of Incorporation) the affirmative vote of the holders of shares of capital stock of the Corporation representing a majority of the votes represented by all outstanding shares of capital stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

B. PREFERRED STOCK

Of the 44,442,752 shares of the authorized Preferred Stock of the Corporation, (i) 1,000,000 shares are hereby designated "**Series A-1 Preferred Stock**", (ii) 10,549,450 shares are hereby designated "**Series A-2 Preferred Stock**", (iii) 5,000,000 shares are hereby designated "**Series B Preferred Stock**", (iv) 12,088,016 shares are hereby designated "**Series C Preferred Stock**", (v) 7,363,737 shares are hereby designated "**Series D Preferred Stock**" and (vi) 8,441,549 shares are hereby designated "**Series E Preferred Stock**", in each case with the following rights, preferences, powers, privileges and restrictions, qualifications and limitations. Unless otherwise indicated, references to "sections" or "subsections" in this Part B of this Article Fourth refer to sections and subsections of Part B of this Article Fourth.

1. Dividends. The Corporation shall not declare, pay or set aside any dividends on shares of any other class or Series of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to the obtaining of any consents required elsewhere in the Certificate of Incorporation) the holders of the Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or Series that is convertible into Common Stock, that dividend per share of each applicable Series of Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or Series determined, if applicable, as if all shares of such class or Series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of such Series of Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) in the case of a dividend on any class or Series that is not

convertible into Common Stock, at a rate per share of each applicable Series of Preferred Stock determined by (A) dividing the amount of the dividend payable on each share of such class or Series of capital stock by the original issuance price of such class or Series of capital stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to such class or series) and (B) multiplying such fraction by an amount equal to the Original Issue Price (as defined below) for such series; provided that, if the Corporation declares, pays or sets aside, on the same date, a dividend on shares of more than one class or Series of capital stock of the Corporation, the dividend payable to the holders of each Series of Preferred Stock pursuant to this Section 1 shall be calculated based upon the dividend on the class or Series of capital stock that would result in the highest Preferred Stock dividend for each such series. The "**Original Issue Price**" shall mean (I) $0.40 per share for the Series A-1 Preferred Stock, (II) $0.91 per share for the Series A-2 Preferred Stock, (III) $1.20 per share for the Series B Preferred Stock, (IV) $2.67 per share for the Series C Preferred Stock, (V) $4.01 per share for the Series D Preferred Stock and (VI) $14.2154 per share for the Series E Preferred Stock, in each case subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the applicable Series of Preferred Stock.

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

2.1 Preferential Payments to Holders of Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the holders of shares of Preferred Stock then outstanding shall be entitled, on a *pari passu* basis, to be paid out of the assets of the Corporation available for distribution to its stockholders before any payment shall be made to the holders of Common Stock by reason of their ownership thereof, an amount per share equal to the greater of (i)(a) $0.40 (as adjusted for stock splits, stock dividends, reclassification and the like (collectively, a "**Recapitalization**")) for each outstanding share of Series A-1 Preferred Stock held by them, plus declared and unpaid dividends on such shares of Series A-1 Preferred Stock, (b) $0.91 (as adjusted for any Recapitalization) for each outstanding share of Series A-2 Preferred Stock held by them, plus declared and unpaid dividends on such shares of Series A-2 Preferred Stock, (c) $1.20 (as adjusted for any Recapitalization) for each outstanding share of Series B Preferred Stock held by them, plus declared and unpaid dividends on such shares of Series B Preferred Stock, (d) $2.67 (as adjusted for any Recapitalization) for each outstanding share of Series C Preferred Stock held by them, plus declared and unpaid dividends on such shares of Series C Preferred Stock, (e) $4.01 (as adjusted for any Recapitalization) for each outstanding share of Series D Preferred Stock held by them, plus declared and unpaid dividends on such shares of Series D Preferred Stock and (f) $14.2154 (as adjusted for any Recapitalization) for each outstanding share of Series E Preferred Stock held by them, plus declared and unpaid dividends on such shares of Series E Preferred Stock or (ii) such amount per share as would have been payable had all shares of such applicable Series of Preferred Stock been converted to Common Stock pursuant to Section 4 immediately prior to such liquidation, dissolution, winding up or Deemed Liquidation Event. If upon any such liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, the assets of the Corporation available for distribution to its stockholders shall be insufficient to pay the holders of shares of Preferred Stock the full amount to which they shall be entitled under this Subsection 2.1, the

holders of shares of Preferred Stock shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. The aggregate amount which a holder of a share of Series A-1 Preferred Stock is entitled to receive under this Subsection 2.1 is hereinafter referred to as the "**Series A-1 Liquidation Amount**." The aggregate amount which a holder of a share of Series A-2 Preferred Stock is entitled to receive under this Subsection 2.1 is hereinafter referred to as the "**Series A-2 Liquidation Amount.**" The aggregate amount which a holder of a share of Series B Preferred Stock is entitled to receive under this Subsection 2.1 is hereinafter referred to as the "**Series B Liquidation Amount**." The aggregate amount which a holder of a share of Series C Preferred Stock is entitled to receive under this Subsection 2.1 is hereinafter referred to as the "**Series C Liquidation Amount.**" The aggregate amount which a holder of a share of Series D Preferred Stock is entitled to receive under this Subsection 2.1 is hereinafter referred to as the "**Series D Liquidation Amount.**" The aggregate amount which a holder of a share of Series E Preferred Stock is entitled to receive under this Subsection 2.1 is hereinafter referred to as the "**Series E Liquidation Amount.**"

2.2 Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation or Deemed Liquidation Event, after the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Corporation available for distribution to its stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares of Common Stock held by each such holder.

2.3 Deemed Liquidation Events.

2.3.1 Definition. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the holders of a majority of the then outstanding shares of Preferred Stock, voting together as a single class on an as-converted to Common Stock basis (the "**Requisite Vote**"), elect otherwise by written notice sent to the Corporation at least 10 days prior to the effective date of any such event:

(a) a merger or consolidation in which

(i) the Corporation is a constituent party or

(ii) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or

(b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or Series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more subsidiaries of the Corporation if substantially all of the assets of the Corporation and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

2.3.2 Effecting a Deemed Liquidation Event.

(a) The Corporation shall not have the power to effect a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(i) unless the agreement or plan of merger or consolidation for such transaction (the "**Merger Agreement**") provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2.

(b) In the event of a Deemed Liquidation Event referred to in Subsection 2.3.1(a)(ii) or 2.3.1(b), if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within ninety (90) days after such Deemed Liquidation Event, then (i) the Corporation shall send a written notice to each holder of Preferred Stock no later than the ninetieth (90th) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause; (ii) to require the redemption of such shares of Preferred Stock, and (iii) if the holders of the Requisite Vote request in a written instrument delivered to the Corporation not later than one hundred twenty (120) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, as determined in good faith by the Board of Directors of the Corporation), together with any other assets of the Corporation available for distribution to its stockholders, all to the extent permitted by Delaware law governing distributions to stockholders (the "**Available Proceeds**"), on the one hundred fiftieth (150th) day after such Deemed Liquidation Event, to redeem all outstanding shares of Preferred Stock at a price per share equal to the Series A-1 Liquidation Amount, the Series A-2 Liquidation Amount, the Series B Liquidation Amount, the Series C Liquidation Amount, the Series D Liquidation Amount or the Series E Liquidation Amount, as applicable. Notwithstanding the foregoing, in the event of a redemption pursuant to the preceding sentence, if the Available Proceeds are not sufficient to redeem all outstanding shares of Preferred Stock, the Corporation shall ratably redeem each holder's shares of Preferred Stock to the fullest extent of such Available Proceeds, and shall redeem the remaining shares as soon as it may lawfully do so under Delaware law governing distributions to stockholders. The Corporation shall be entitled to use, with the approval of the Requisite Vote, such other reasonable and customary procedures as may be necessary to effect such distribution or redemption. Prior to the distribution or redemption provided for in this Subsection 2.3.2(b), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in connection with such Deemed Liquidation Event or in the ordinary course of business, if approved by the holders of the Requisite Vote.

2.3.3 Amount Deemed Paid or Distributed. If the amount deemed paid or distributed under this Section 2 is made in property other than in cash, the value of such distribution shall be the fair market value of such property, determined as follows:

(a) For securities not subject to investment letters or other similar restrictions on free marketability:

(i) if traded on a securities exchange, the value shall be deemed to be the average of the closing prices of the securities on such exchange or market over the thirty (30) day period ending three (3) days prior to the closing of such transaction;

(ii) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the closing of such transaction; or

(iii) if there is no active public market, the value shall be the fair market value thereof, as determined in good faith by the Board of Directors of the Corporation (including at least one (1) Preferred Director (as defined below)).

(b) The method of valuation of securities subject to investment letters or other similar restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall take into account an appropriate discount (as determined in good faith by the Board of Directors of the Corporation (including at least one (1) Preferred Director (as defined below))) from the market value as determined pursuant to clause (a) above so as to reflect the approximate fair market value thereof:

2.3.4 Allocation of Escrow and Contingent Consideration. In the event of a Deemed Liquidation Event pursuant to Subsection 2.3.1(a)(i), if any portion of the consideration payable to the stockholders of the Corporation is payable only upon satisfaction of contingencies (the "**Additional Consideration**"), the Merger Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the "**Initial Consideration**") shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the stockholders of the Corporation upon satisfaction of such contingencies shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2.1 and 2.2 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Subsection 2.3.4, consideration placed into escrow or retained as holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.

3. Voting.

3.1 General. On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of any Series of Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of such Series of Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the other provisions of the Certificate of Incorporation, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class.

3.2 Election of Directors. The holders of record of the shares of Preferred Stock, voting exclusively as a single and separate class on an as-converted to Common Stock basis, shall be entitled to elect three (3) directors of the Corporation (the "**Preferred Directors**"), and the holders of record of the shares of Common Stock, voting exclusively and as a separate class, shall be entitled to elect three (3) directors of the Corporation. Any director elected as provided in the preceding sentence may be removed without cause by, and only by, the affirmative vote of the holders of a majority of the voting power of the shares of the class or Series of capital stock entitled to elect such director or directors, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. If the holders of shares of Preferred Stock or Common Stock, as the case may be, fail to elect a sufficient number of directors to fill all directorships for which they are entitled to elect directors, voting exclusively and as a separate class, pursuant to the first sentence of this Subsection 3.2, then any directorship not so filled shall remain vacant until such time as the holders of the Preferred Stock or Common Stock, as the case may be, elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by stockholders of the Corporation other than by the stockholders of the Corporation that are entitled to elect a person to fill such directorship, voting exclusively and as a separate class. The holders of record of the shares of Common Stock and of any other class or Series of voting stock (including each Series of Preferred Stock), exclusively and voting together as a single class on an as-converted to Common Stock basis, shall be entitled to elect the balance of the total number of directors of the Corporation. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the voting power of the outstanding shares of the class or Series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Except as otherwise provided in this Subsection 3.2, a vacancy in any directorship filled by the holders of any class or Series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or Series or by any remaining director or directors elected by the holders of such class or Series pursuant to this Subsection 3.2. The rights of the holders of the Preferred Stock and the rights of the holders of the Common Stock under the first sentence of this Subsection 3.2 shall terminate on the first date following the Original Issue Date (as defined below) on which there are issued and outstanding less than 8,021,466 shares of Preferred Stock (subject to appropriate adjustment in the event of any Recapitalization with respect to the Preferred Stock).

3.3 Preferred Stock Protective Provisions – Corporation Matters. At any time when at least 8,188,606 shares of Preferred Stock (subject to appropriate adjustment in the event of any Recapitalization with respect to the Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of the Requisite Vote, given in writing or by vote at a meeting, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.3.1 liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other Deemed Liquidation Event, or consent to or enter into any agreement to do any of the foregoing;

3.3.2 amend, alter or repeal any provision of the Certificate of Incorporation or Bylaws of the Corporation;

3.3.3 create, or authorize the creation of, or issue or obligate itself to issue shares of, any additional class or Series of capital stock unless the same ranks junior to the Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock with respect to the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption;

3.3.4 (i) reclassify, alter or amend any existing security of the Corporation that is pari passu with the Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to the Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock in respect of any such right, preference, or privilege or (ii) reclassify, alter or amend any existing security of the Corporation that is junior to the Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock in respect of the distribution of assets on the liquidation, dissolution or winding up of the Corporation, the payment of dividends or rights of redemption, if such reclassification, alteration or amendment would render such other security senior to or pari passu with the Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock in respect of any such right, preference or privilege;

3.3.5 purchase or redeem (or permit any subsidiary to purchase or redeem) or pay or declare any dividend or make any distribution on, any shares of capital stock of the Corporation other than (i) redemptions of or dividends or distributions on the Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock as expressly authorized herein, (ii) dividends or other distributions payable on the Common Stock solely in the form of additional shares of Common Stock and (iii) repurchases of stock from former employees,

officers, directors, consultants or other persons who performed services for the Corporation or any subsidiary in connection with the cessation of such employment or service at the lower of the original purchase price or the then-current fair market value thereof, or purchases pursuant to a right of first refusal or (iv) as approved by the Board of Directors, including the approval of at least one (1) Preferred Director;

3.3.6 create, or authorize the creation of, or issue, or authorize the issuance of any debt security, or permit any subsidiary to take any such action with respect to any debt security, if the aggregate indebtedness of the Corporation and its subsidiaries for borrowed money following such action would exceed $500,000 unless such debt security has received the prior approval of the Board of Directors, including the approval of at least one (1) Preferred Director;

3.3.7 create, or hold capital stock in, any subsidiary that is not wholly owned (either directly or through one or more other subsidiaries) by the Corporation, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Corporation, or permit any direct or indirect subsidiary to sell, lease, transfer, exclusively license or otherwise dispose (in a single transaction or Series of related transactions) of all or substantially all of the assets of such subsidiary;

3.3.8 cease doing business of all or a substantial part of the business of the Corporation or any subsidiary;

3.3.9 sell, transfer, lease, license or otherwise dispose of any assets or intellectual property of the Corporation in an amount greater than $10,000,000, other than sales, transfers, leases, licenses or dispositions in the Corporation's ordinary course of business;

3.3.10 increase or decrease the authorized number of shares of Common Stock, Preferred Stock, Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock;

3.3.11 create or establish any new employee stock option plan, employee stock purchase plan, employee restricted stock plan or other similar equity incentive plan or increase the number of shares of capital stock of the Corporation reserved for issuance under any current or new employee stock option plan, employee stock purchase plan, employee restricted stock plan or other similar equity incentive plan;

3.3.12 increase or decrease the authorized number of directors constituting the Board of Directors;

3.3.13 create any subsidiary or acquire any capital stock or other equity interest, or acquire all or substantially all of the assets of, another entity, including by way of exclusive license;

3.3.14 make any changes in the Corporation's primary line of business or engage in any primary line of business other than that engaged in by the Corporation on the Original Issue Date; or

3.3.15 enter into or be a party to any transaction with any stockholder, director, officer or employee of the Corporation or any "associate" (as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended) of any such person or entity, except for (i) usual and customary employment-related agreements with employees (but not officers) of the Corporation, (ii) employment-related agreements with officers of the Corporation that have been approved by the Board of Directors or (iii) arms-length transactions in the ordinary course of business that have been approved by the Board of Directors.

3.4 Preferred Stock Protective Provisions – Subsidiary Matters. At any time when at least 8,188,606 shares of Preferred Stock (subject to appropriate adjustment in the event of any Recapitalization with respect to the Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, permit or authorize Alector LLC, a subsidiary of the Corporation (the "**Subsidiary**"), to do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of the Requisite Vote, given in writing or by vote at a meeting, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.4.1 liquidate, dissolve or wind-up the business and affairs of the Subsidiary, effect any merger or consolidation or any other Deemed Liquidation Event, or consent to or enter into any agreement to do any of the foregoing;

3.4.2 sell, transfer, lease, license or otherwise dispose of any assets or intellectual property of the Subsidiary in an amount greater than $10,000,000, other than sales, transfers, leases, licenses or dispositions in the Subsidiary's ordinary course of business;

3.4.3 make any changes in the Subsidiary's primary line of business or engage in any primary line of business other than that engaged in by the Subsidiary on the Original Issue Date; or

3.4.4 enter into or be a party to any transaction with any stockholder, director, officer or employee of the Subsidiary or any "associate" (as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended) of any such person or entity, except for (i) usual and customary employment-related agreements with employees (but not officers) of the Subsidiary, (ii) employment-related agreements with officers of the Subsidiary that have been approved by the Board of Directors or (iii) arms-length transactions in the ordinary course of business that have been approved by the Board of Directors.

3.5 Series E Preferred Stock Protective Provisions. At any time when at least 988,365 shares of Series E Preferred Stock (subject to appropriate adjustment in the event of any Recapitalization with respect to the Series E Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the then outstanding shares of Series E Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) as a single and separate class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.5.1 liquidate, dissolve or wind-up the business and affairs of the Corporation, effect any merger or consolidation or any other Deemed Liquidation Event, or consent to or enter into any agreement to do any of the foregoing if the amount distributable in connection with such transaction to the holders of shares of Series E Preferred Stock in respect of each such share would be less than the Original Issue Price of the Series E Preferred Stock (subject to appropriate adjustment in the event of any Recapitalization with respect to the Series E Preferred Stock);

3.5.2 amend, alter or repeal (a) Section 5.1(a) of the Certificate of Incorporation to decrease or remove the minimum price per share to the public in a firm-commitment underwritten initial public offering that would otherwise result in a mandatory conversion of all outstanding shares of Preferred Stock or (b) clause (2) of Section 5.1(b) of the Certificate of Incorporation; or

3.5.3 amend, alter or repeal any provision of this Section 3.5 of the Certificate of Incorporation.

3.6 Individual Series Preferred Stock Protective Provisions. At any time when at least 200,000 shares of any Series of Preferred Stock (subject to appropriate adjustment in the event of any Recapitalization with respect to the applicable Series of Preferred Stock) are outstanding, the Corporation shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without (in addition to any other vote required by law or the Certificate of Incorporation) the written consent or affirmative vote of the holders of a majority of the then outstanding shares of each such Series of Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) as a single and separate class, and any such act or transaction entered into without such consent or vote shall be null and void *ab initio*, and of no force or effect:

3.6.1 amend, alter or repeal any provision of Section 4.4 of this Certificate of Incorporation to the extent it relates to the Conversion Price (or adjustments thereto in connection with dilutive issuances) of such Series of Preferred Stock; or

3.6.2 amend, alter or repeal any provision of this Section 3.6 of the Certificate of Incorporation.

4. Optional Conversion. The holders of the Preferred Stock shall have conversion rights as follows (the "**Conversion Rights**"):

4.1 Right to Convert.

4.1.1 Conversion Ratio. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable shares of Common Stock as is determined by dividing the applicable Original Issue Price by the applicable Conversion Price (as defined below) for such Series of Preferred Stock in effect at the time of conversion. The "**Conversion Price**" shall initially be equal to (a) $0.40 for the Series A-1 Preferred Stock, (b) $0.91 for the Series A-2 Preferred Stock, (c) $1.20 for the Series B Preferred Stock, (d) $2.67 for the Series C Preferred Stock, (e) $4.01 for the Series D Preferred Stock and (f) $14.2154 for the Series E Preferred Stock. Such initial Conversion Prices, and the rate at which shares of the corresponding Series of Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

4.1.2 Termination of Conversion Rights. In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Preferred Stock.

4.2 Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

4.3 Mechanics of Conversion.

4.3.1 Notice of Conversion. In order for a holder of Preferred Stock to voluntarily convert shares of Preferred Stock into shares of Common Stock, such holder shall (a) provide written notice to the Corporation's transfer agent at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent) that such holder elects to convert all or any number of such holder's shares of Preferred Stock and, if applicable, any event on which such conversion is contingent and (b), if such holder's shares are certificated, surrender the certificate or certificates for such shares of Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Preferred Stock (or at the principal office of the Corporation if the

Corporation serves as its own transfer agent). Such notice shall state such holder's name in which such holder wishes the shares of Common Stock to be issued. If required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent (or by the Corporation if the Corporation serves as its own transfer agent) of such notice and, if applicable, certificates (or lost certificate affidavit and agreement) shall be the time of conversion (the "**Conversion Time**"), and the shares of Common Stock issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time (i) issue and deliver to such holder of Preferred Stock a certificate or certificates, or a notice of issuance of uncertificated shares, for the number of full shares of Common Stock issuable upon such conversion in accordance with the provisions hereof and a certificate, or a notice of issuance of uncertificated shares, for the number (if any) of the shares of the applicable Series of Preferred Stock represented by the surrendered certificate that were not converted into shares of Common Stock, (ii) pay in cash such amount as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the shares of Preferred Stock converted.

4.3.2 Reservation of Shares. The Corporation shall at all times when any shares of Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued capital stock, for the purpose of effecting the conversion of the Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to the Certificate of Incorporation. Before taking any action which would cause an adjustment reducing any Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the applicable Series of Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Conversion Price.

4.3.3 Effect of Conversion. All shares of Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Subsection 4.2 and to receive payment of any dividends declared but unpaid thereon. Any shares of Preferred Stock so converted shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of each applicable Series of Preferred Stock accordingly.

4.3.4 No Further Adjustment. Upon any such conversion, no adjustment to the Conversion Price shall be made for any declared but unpaid dividends on the Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

4.3.5 Taxes. The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

4.4 Adjustments to Conversion Prices for Diluting Issues.

4.4.1 Special Definitions. For purposes of this Article Fourth, the following definitions shall apply:

(a) "**Option**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(b) "**Original Issue Date**" shall mean the date on which the first share of Series E Preferred Stock is issued.

(c) "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(d) "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued (or, pursuant to Subsection 4.4.3 below, deemed to be issued) by the Corporation after the Original Issue Date, other than (1) the following shares of Common Stock and (2) shares of Common Stock deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, "**Exempted Securities**"):

(i) shares of Common Stock, Options or Convertible Securities issued as a dividend or distribution on shares of Preferred Stock;

(ii) shares of Common Stock, Options or Convertible Securities issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4.5, 4.6, 4.7 or 4.8**;**

(iii) shares of Common Stock or Options issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board of Directors of the Corporation, including at least one (1) Preferred Director, and by the holders of Preferred Stock in accordance with Section 3.3.11;

(iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security; or

(v) shares of Common Stock, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board of Directors of the Corporation, including at least one Preferred Director.

4.4.2 No Adjustment of Conversion Price. No adjustment in the Conversion Price of any Series of Preferred Stock shall be made with respect to such Series of Preferred Stock as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Corporation receives written notice from (a) in the case of the Series A-1 Preferred Stock and the Series A-2 Preferred Stock, the holders of at least fifty percent (50%) of the outstanding shares of Series A-1 Preferred Stock and Series A-2 Preferred Stock, voting together as a single class on an as-converted basis, and not as separate series, (b) in the case of the Series B Preferred Stock, the holders of at least fifty percent (50%) of the outstanding shares of Series B Preferred Stock, voting separately as a single class, (c) in the case of the Series C Preferred Stock, the holders of at least fifty percent (50%) of the outstanding shares of Series C Preferred Stock, voting separately as a single class, (d) in the case of the Series D Preferred Stock, the holders of at least fifty percent (50%) of the outstanding shares of Series D Preferred Stock, voting separately as a single class and (e) in the case of the Series E Preferred Stock, the holders of at least fifty percent (50%) of the outstanding shares of Series E Preferred Stock, voting separately as a single class, in each case agreeing that no such adjustment shall be made to the Conversion Price of such Series of Preferred Stock as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

4.4.3 Deemed Issue of Additional Shares of Common Stock.

(a) If the Corporation at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which are themselves Exempted Securities) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price of any Series of Preferred Stock pursuant to the terms of Subsection 4.4.4, are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the applicable Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall have the effect of increasing any Conversion Price to an amount which exceeds the lower of (i) the corresponding Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the applicable Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.

(c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price of a Series of Preferred Stock pursuant to the terms of Subsection 4.4.4 (either because the consideration per share (determined pursuant to Subsection 4.4.5) of the Additional Shares of Common Stock subject thereto was equal to or greater than the applicable Conversion Price then in effect, or because such Option or Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or

Convertible Security) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4.4.3(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price of any Series of Preferred Stock pursuant to the terms of Subsection 4.4.4, such Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.

(e) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to each applicable Conversion Price provided for in this Subsection 4.4.3 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Subsection 4.4.3). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Corporation upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price of a Series of Preferred Stock that would result under the terms of this Subsection 4.4.3 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the applicable Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

4.4.4 Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4.4.3), without consideration or for a consideration per share less than the Conversion Price for the Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock in effect immediately prior to such issue, then such Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

(a) "CP_2" shall mean the Conversion Price in effect immediately after such issue of Additional Shares of Common Stock

(b) "CP_1" shall mean the Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(c) "A" shall mean the number of shares of Common Stock outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion or exchange of Convertible Securities (including the Preferred Stock) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);

(d) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP_1); and

(e) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

4.4.5 Determination of Consideration. For purposes of this Subsection 4.4, the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(a) Cash and Property: Such consideration shall:

(i) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(ii) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation (including at least one (1) Preferred Director); and

(iii) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board of Directors of the Corporation (including at least one (1) Preferred Director).

(b) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4.4.3, relating to Options and Convertible Securities, shall be determined by dividing:

(i) The total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(ii) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

4.4.6 Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a Series of related transactions and that would result in an adjustment to the Conversion Price of a Series of Preferred Stock pursuant to the terms of Subsection 4.4.4, and such issuance dates occur within a period of no more than ninety (90) days from the first such issuance to the final such issuance, then, upon the final such issuance, such Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any such subsequent issuances within such period).

4.5 Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Original Issue Date effect a subdivision of the outstanding Common Stock, each Conversion Price in effect immediately before that subdivision shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such Series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock, each Conversion Price in effect immediately before the combination shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such Series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this subsection shall become effective at the close of business on the date the subdivision or combination becomes effective.

4.6 Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event each Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the applicable Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, each Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter such Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of Preferred Stock simultaneously receive a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Preferred Stock had been converted into Common Stock on the date of such event.

4.7 Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section 1 do not apply to such dividend or distribution, then and in each such event the holders of each Series of Preferred Stock shall receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding shares of such Preferred Stock had been converted into Common Stock on the date of such event.

4.8 Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2.3, if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections 4.4, 4.6 or 4.7), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of such Series of Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of the holders of the Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the applicable Conversion Prices) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Preferred Stock. For the avoidance of doubt, nothing in this Subsection 4.8 shall be construed as preventing the holders of Preferred Stock from seeking any appraisal rights to which they are otherwise entitled under the DGCL in connection with a merger triggering an adjustment hereunder, nor shall this Subsection 4.8 be deemed conclusive evidence of the fair value of the shares of any Series of Preferred Stock in any such appraisal proceeding.

4.9 Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of any Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of the applicable Series of Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which such Series of Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Preferred Stock (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the applicable Conversion Price(s) for the corresponding Series of Preferred Stock then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of such shares of Preferred Stock.

4.10 Notice of Record Date. In the event:

(a) the Corporation shall take a record of the holders of its Common Stock (or other capital stock or securities at the time issuable upon conversion of the Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of capital stock of any class or any other securities, or to receive any other security; or

(b) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other capital stock or securities at the time issuable upon the conversion of the Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other capital stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Preferred Stock and the Common Stock. Such notice shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice.

5. Mandatory Conversion.

5.1 Trigger Events. Upon either (a) the closing of the sale of shares of Common Stock to the public at a price of at least the Original Issue Price per share of Series E Preferred Stock (subject to appropriate adjustment for any Recapitalizations), in a firm-commitment underwritten initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, resulting in at least $10,000,000 of gross proceeds to the Corporation or (b) the date and time, or the occurrence of an event, specified by vote or written consent of (1) the holders of the Requisite Vote and (2) if the conversion is to be effected in connection with, in anticipation of, conditioned, or effective upon any liquidation, dissolution or winding up of the business and affairs of the Corporation, any merger or consolidation or any other Deemed Liquidation Event, or any agreement to do any of the foregoing in which the amount distributable in connection with such transaction to the holders of shares of Series E Preferred Stock in respect of each such share would be less than the Original Issue Price of the Series E Preferred Stock (subject to appropriate adjustment in the event of any Recapitalization with respect to the Series E Preferred Stock), the holders of a majority of the then outstanding

Series E Preferred Stock, voting as a single and separate class (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the "**Mandatory Conversion Time**"), then (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate as calculated pursuant to Subsection 4.1.1 and (ii) such shares may not be reissued by the Corporation.

5.2 Procedural Requirements. All holders of record of shares of Preferred Stock shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such shares of Preferred Stock pursuant to this Section 5. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of shares of Preferred Stock in certificated form shall surrender his, her or its certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate) to the Corporation at the place designated in such notice. If so required by the Corporation, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. All rights with respect to the Preferred Stock converted pursuant to Subsection 5.1, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Subsection 5.2. As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for shares of Preferred Stock, the Corporation shall (a) issue and deliver to such holder, or to his, her or its nominees, a certificate or certificates, or a notice of issuance of uncertificated shares, for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and (b) pay cash as provided in Subsection 4.2 in lieu of any fraction of a share of Common Stock otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the shares of Preferred Stock converted. Such converted shares of Preferred Stock shall be retired and cancelled and may not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Preferred Stock accordingly.

6. Repurchased or Otherwise Acquired Shares. Any shares of Preferred Stock that are repurchased or otherwise acquired by the Corporation or any of its subsidiaries shall be automatically and immediately cancelled and retired and shall not be reissued, sold or transferred. Neither the Corporation nor any of its subsidiaries may exercise any voting or other rights granted to the holders of Preferred Stock following the repurchase or other acquisition of such shares.

7. Waiver. Except as expressly provided herein, (a) the terms and provisions of Section 3.5 of this Certificate of Incorporation may be waived on behalf of all holders of Series E Preferred Stock only by the affirmative written consent or vote of the holders of a majority of the then outstanding shares of Series E Preferred Stock, voting as a single and separate class, (b) the terms and provisions of Section 3.6 of this Certificate of Incorporation may be waived on behalf of all holders of a particular Series of Preferred Stock only by the affirmative written consent or vote of the holders of a majority of the then outstanding shares of such Series of Preferred Stock, voting as a single and separate class, and (c) subject to the foregoing, any of the rights, powers, preferences and other terms of the Preferred Stock set forth herein may be waived on behalf of all holders of Preferred Stock by the affirmative written consent or vote of the holders of the Requisite Vote.

8. Notices. Any notice required or permitted by the provisions of this Article Fourth to be given to a holder of shares of Preferred Stock shall be mailed, postage prepaid, to the post office address last shown on the records of the Corporation, or given by electronic communication in compliance with the provisions of the General Corporation Law, and shall be deemed sent upon such mailing or electronic transmission.

FIFTH: Subject to any additional vote required by the Certificate of Incorporation or Bylaws, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by the Certificate of Incorporation, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: The following indemnification provisions shall apply to the persons enumerated below.

1. Right to Indemnification of Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (an "**Indemnified Person**") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**"), by reason of the fact that such person, or a person for whom such person is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Indemnified Person in such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 3 of this Article Tenth, the Corporation shall be required to indemnify an Indemnified Person in connection with a Proceeding (or part thereof) commenced by such Indemnified Person only if the commencement of such Proceeding (or part thereof) by the Indemnified Person was authorized in advance by the Board of Directors.

2. Prepayment of Expenses of Directors and Officers. The Corporation shall pay the expenses (including attorneys' fees) incurred by an Indemnified Person in defending any Proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Indemnified Person to repay all amounts advanced if it should be ultimately determined that the Indemnified Person is not entitled to be indemnified under this Article Tenth or otherwise.

3. Claims by Directors and Officers. If a claim for indemnification or advancement of expenses under this Article Tenth is not paid in full within thirty (30) days after a written claim therefor by the Indemnified Person has been received by the Corporation, the Indemnified Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Indemnified Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

4. Indemnification of Employees and Agents. The Corporation may indemnify and advance expenses to any person who was or is made or is threatened to be made or is otherwise involved in any Proceeding by reason of the fact that such person, or a person for whom such person is the legal representative, is or was an employee or agent of the Corporation or, while an employee or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, limited liability company, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses

(including attorneys' fees) reasonably incurred by such person in connection with such Proceeding. The ultimate determination of entitlement to indemnification of persons who are non-director or officer employees or agents shall be made in such manner as is determined by the Board of Directors in its sole discretion. Notwithstanding the foregoing sentence, the Corporation shall not be required to indemnify a person in connection with a Proceeding initiated by such person if the Proceeding was not authorized in advance by the Board of Directors.

5. Advancement of Expenses of Employees and Agents. The Corporation may pay the expenses (including attorneys' fees) incurred by an employee or agent in defending any Proceeding in advance of its final disposition on such terms and conditions as may be determined by the Board of Directors.

6. Non-Exclusivity of Rights. The rights conferred on any person by this Article Tenth shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these by-laws, agreement, vote of stockholders or disinterested directors or otherwise.

7. Other Indemnification. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer or employee of another Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise shall be reduced by any amount such person may collect as indemnification from such other Corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise.

8. Insurance. The Board of Directors may, to the full extent permitted by applicable law as it presently exists, or may hereafter be amended from time to time, authorize an appropriate officer or officers to purchase and maintain at the Corporation's expense insurance: (a) to indemnify the Corporation for any obligation which it incurs as a result of the indemnification of directors, officers and employees under the provisions of this Article Tenth; and (b) to indemnify or insure directors, officers and employees against liability in instances in which they may not otherwise be indemnified by the Corporation under the provisions of this Article Tenth.

9. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification. The rights provided hereunder shall inure to the benefit of any Indemnified Person and such person's heirs, executors and administrators.

ELEVENTH: The Corporation renounces, to the fullest extent permitted by law, any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An "**Excluded Opportunity**" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of (i) any director of the Corporation who is not an employee or consultant of the Corporation or any of its subsidiaries, or (ii) any holder of Common Stock or Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively,

"**Covered Persons**"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation. To the fullest extent permitted by law, and solely in connection therewith, the Corporation hereby waives any claim against a Covered Person, and agrees to indemnify all Covered Persons against any claim, that is based on fiduciary duties, the corporate opportunity doctrine or any other legal theory which could limit any Covered Person from pursuing or engaging in any Excluded Opportunity.

TWELFTH: Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery in the State of Delaware shall be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer, other employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation, its directors, officers or employees arising pursuant to any provision of the General Corporation Law or the Corporation's certificate of incorporation or bylaws or as to which the General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim against the Corporation, its directors, officers or employees governed by the internal affairs doctrine. If any provision or provisions of this Article Twelfth shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Article Twelfth (including, without limitation, each portion of any sentence of this Article Twelfth containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article Twelfth.

THIRTEENTH: For purposes of Section 500 of the California Corporations Code (to the extent applicable), in connection with any repurchase of shares of Common Stock permitted under this Certificate of Incorporation from employees, officers, directors or consultants of the Corporation in connection with a termination of employment or services pursuant to agreements or arrangements approved by the Board of Directors (in addition to any other consent required under this Certificate of Incorporation), such repurchase may be made without regard to any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined in Section 500 of the California Corporations Code). Accordingly, for purposes of making any calculation under California Corporations Code Section 500 in connection with such repurchase, the amount of any "preferential dividends arrears amount" or "preferential rights amount" (as those terms are defined therein) shall be deemed to be zero (0).

* * *

3. That this Second Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of this Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Second Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of this corporation on this 20th day of April, 2018.

By: /s/ Arnon Rosenthal
Arnon Rosenthal
President

[SIGNATURE PAGE TO CERTIFICATE OF INCORPORATION]

Exhibit 3.3

BY-LAWS

of

Alector, Inc.
(the "Corporation")

Article I—Stockholders

1. Annual Meeting. The annual meeting of stockholders shall be held for the election of directors each year at such place (if any), date and time as shall be designated by the Board of Directors of the Corporation (the "Board of Directors"). Any other proper business may be transacted at the annual meeting.

2. Special Meetings. Special meetings of stockholders may be called at any time by the Chief Executive Officer, if one is elected, or, if there is no Chief Executive Officer, a President, by the Board of Directors or by the affirmative vote of the stockholders holding at least fifty percent (50%) of the outstanding capital stock of the Corporation (on an as-converted-to Common Stock basis). The call for the meeting shall state the place, date, hour and purposes of the meeting. Only the purposes specified in the notice of special meeting shall be considered or dealt with at such special meeting.

3. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice stating the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present and vote at such meeting, and, in the case of a special meeting, the purpose or purposes of the meeting, shall be given by the Secretary (or other person authorized by these By-laws or by law) not less than ten (10) nor more than sixty (60) days before the meeting to each stockholder entitled to vote thereat and to each stockholder who, under the Certificate of Incorporation or under these By-laws is entitled to such notice. If mailed, notice is given when deposited in the mail, postage prepaid, directed to such stockholder at such stockholder's address as it appears in the records of the Corporation. Without limiting the manner by which notice otherwise may be effectively given to stockholders, any notice to stockholders may be given by electronic transmission to the extent permitted by Section 232 of the General Corporation Law of the State of Delaware (the "DGCL").

If a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken, except that if the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

4. Quorum. The holders of a majority of the voting power of the outstanding capital stock of the Corporation (on an as-converted-to Common Stock basis), outstanding and entitled to vote at a meeting, present in person or represented by proxy, shall constitute a quorum. Any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, whether or not a quorum is present. The stockholders present at a duly constituted meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough stockholders to reduce the voting shares below a quorum.

5. Voting and Proxies. Except as otherwise provided by the Certificate of Incorporation or by law, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by either written proxy or by a transmission permitted by Section 212(c) of the DGCL, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period or is irrevocable and coupled with an interest. Proxies shall be filed with the Secretary of the meeting, or of any adjournment thereof. Except as otherwise limited therein, proxies shall entitle the persons authorized thereby to vote at any adjournment of such meeting.

6. Action at Meeting. When a quorum is present, any matter before the meeting shall be decided by vote of the holders of a majority of the voting power of the shares of capital stock voting on such matter unless a different or minimum vote is required by any law or regulation applicable to the Corporation or its securities, by the rules or regulations of any stock exchange applicable to the Corporation, by the Certificate of Incorporation or by these By-laws. Any election of directors by stockholders shall be determined by a plurality of the votes cast, except where a larger vote is required by law, by the Certificate of Incorporation or by these By-laws. The Corporation shall not directly or indirectly vote any share of its own stock; provided, however, that the Corporation may vote shares which it holds in a fiduciary capacity to the extent permitted by law.

7. Presiding Officer. Meetings of stockholders shall be presided over by the Chairman of the Board, if one is elected, or in his or her absence, the Vice Chairman of the Board, if one is elected, or if neither is elected or in their absence, a President. The Board of Directors shall have the authority to appoint a temporary presiding officer to serve at any meeting of the stockholders if the Chairman of the Board, the Vice Chairman of the Board or a President is unable to do so for any reason.

8. Conduct of Meetings. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the presiding officer of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the

commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the presiding officer of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

9. Action without a Meeting. Unless otherwise provided in the Certificate of Incorporation, any action required or permitted by law to be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office, by hand or by certified mail, return receipt requested, or to the Corporation's principal place of business or to the officer of the Corporation having custody of the minute book. No written consent shall be effective unless, within sixty (60) days of the first date on which a written consent is delivered to the Corporation pursuant to these By-laws, written consents signed by a sufficient number of stockholders entitled to take action are delivered to the Corporation in the manner set forth in these By-laws. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. The Secretary of the Corporation shall provide such notice.

10. Stockholder Lists. The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing contained in this Section 10 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting in the manner provided by law. The list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law.

Article II—Directors

1. Powers. The business of the Corporation shall be managed by or under the direction of a Board of Directors who may exercise all the powers of the Corporation except as otherwise provided by law, by the Certificate of Incorporation or by these By-laws.

2. Number and Qualification. Unless otherwise provided in the Certificate of Incorporation or in these By-laws, the number of directors which shall constitute the whole board shall be determined from time to time by resolution of the Board of Directors or by the stockholders. Directors need not be stockholders.

3. Vacancies; Reduction of Board. A majority of the directors then in office, although less than a quorum, or a sole remaining Director, may fill vacancies in the Board of Directors occurring for any reason and newly created directorships resulting from any increase in the authorized number of directors. In lieu of filling any vacancy, the Board of Directors may reduce the number of directors.

4. Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-laws, directors shall hold office until their successors are elected and qualified or until their earlier resignation or removal. Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

5. Removal. To the extent permitted by law, a director may be removed from office with or without cause by vote of the holders of a majority of the voting power of the shares of stock entitled to vote in the election of directors.

6. Meetings. Regular meetings of the Board of Directors may be held without notice at such time, date and place as the Board of Directors may from time to time determine. Special meetings of the Board of Directors may be called, orally or in writing, by the Chief Executive Officer, if one is elected, or, if there is no Chief Executive Officer, the President, or by two or more Directors, designating the time, date and place thereof. Directors may participate in meetings of the Board of Directors by means of conference telephone or other communications equipment by means of which all directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting.

7. Notice of Meetings. Notice of the time, date and place of all special meetings of the Board of Directors shall be given to each director by the Secretary, or Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the officer or one of the directors calling the meeting. Notice shall be given to each director in person, by telephone, or by facsimile, electronic mail or other form of electronic communications, sent to such director's business or home address at least twenty-four (24) hours in advance of the meeting, or by written notice mailed to such director's business or home address at least forty-eight (48) hours in advance of the meeting.

8. Quorum. At any meeting of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business. Less than a quorum may adjourn any meeting from time to time and the meeting may be held as adjourned without further notice.

9. Action at Meeting. At any meeting of the Board of Directors at which a quorum is present, unless otherwise provided in the following sentence, a majority of the directors present may take any action on behalf of the Board of Directors, unless a larger number is required by law, by the Certificate of Incorporation or by these By-laws. So long as there are two (2) or fewer Directors, any action to be taken by the Board of Directors shall require the approval of all Directors.

10. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the records of the meetings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

11. Committees. The Board of Directors may establish one or more committees, each committee to consist of one or more directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval or (ii) adopting, amending or repealing any provision of these By-laws.

Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but in the absence of such rules its business shall be conducted so far as possible in the same manner as is provided in these By-laws for the Board of Directors. All members of such committees shall hold their committee offices at the pleasure of the Board of Directors, and the Board of Directors may abolish any committee at any time.

Article III—Officers

1. Enumeration. The officers of the Corporation shall consist of one or more Presidents (who, if there is more than one, shall be referred to as Co-Presidents), a Treasurer, a Secretary, and such other officers, including, without limitation, a Chief Executive Officer and one or more Vice Presidents (including Executive Vice Presidents or Senior Vice Presidents), Assistant Vice Presidents, Assistant Treasurers and Assistant Secretaries, as the Board of Directors may determine. The Board of Directors may elect from among its members a Chairman of the Board and a Vice Chairman of the Board.

2. Election. The Presidents, Treasurer and Secretary shall be elected annually by the Board of Directors at their first meeting following the annual meeting of stockholders. Other officers may be chosen by the Board of Directors at such meeting or at any other meeting.

3. Qualification. No officer need be a stockholder or Director. Any two or more offices may be held by the same person. Any officer may be required by the Board of Directors to give bond for the faithful performance of such officer’s duties in such amount and with such sureties as the Board of Directors may determine.

4. Tenure. Except as otherwise provided by the Certificate of Incorporation or by these By-laws, each of the officers of the Corporation shall hold office until the first meeting of the Board of Directors following the next annual meeting of stockholders and until such officer's successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may resign by delivering his or her written resignation to the Corporation, and such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

5. Removal. The Board of Directors may remove any officer with or without cause by a vote of a majority of the directors then in office.

6. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

7. Chairman of the Board and Vice Chairman. Unless otherwise provided by the Board of Directors, the Chairman of the Board of Directors, if one is elected, shall preside, when present, at all meetings of the stockholders and the Board of Directors. The Chairman of the Board shall have such other powers and shall perform such duties as the Board of Directors may from time to time designate.

Unless otherwise provided by the Board of Directors, in the absence of the Chairman of the Board, the Vice Chairman of the Board, if one is elected, shall preside, when present, at all meetings of the stockholders and the Board of Directors. The Vice Chairman of the Board shall have such other powers and shall perform such duties as the Board of Directors may from time to time designate.

8. Chief Executive Officer. The Chief Executive Officer, if one is elected, shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

9. Presidents. The Presidents shall, subject to the direction of the Board of Directors, each have general supervision and control of the Corporation's business and any action that would typically be taken by a President may be taken by any Co-President. If there is no Chairman of the Board or Vice Chairman of the Board, a President shall preside, when present, at all meetings of stockholders and the Board of Directors. The Presidents shall have such other powers and shall perform such duties as the Board of Directors may from time to time designate.

10. Vice Presidents and Assistant Vice Presidents. Any Vice President (including any Executive Vice President or Senior Vice President) and any Assistant Vice President shall have such powers and shall perform such duties as the Board of Directors may from time to time designate.

11. Treasurer and Assistant Treasurers. The Treasurer shall, subject to the direction of the Board of Directors, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. The Treasurer shall have custody of all funds, securities, and valuable documents of the Corporation, except as the Board of Directors may otherwise provide. The Treasurer shall have such other powers and shall perform such duties as the Board of Directors may from time to time designate.

Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors may from time to time designate.

12. Secretary and Assistant Secretaries. The Secretary shall record the proceedings of all meetings of the stockholders and the Board of Directors (including committees of the Board of Directors) in books kept for that purpose. In the absence of the Secretary from any such meeting an Assistant Secretary, or if such person is absent, a temporary secretary chosen at the meeting, shall record the proceedings thereof. The Secretary shall have charge of the stock ledger (which may, however, be kept by any transfer or other agent of the Corporation) and shall have such other duties and powers as may be designated from time to time by the Board of Directors.

Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors may from time to time designate.

13. Other Powers and Duties. Subject to these By-laws, each officer of the Corporation shall have in addition to the duties and powers specifically set forth in these By-laws, such duties and powers as are customarily incident to such officer's office, and such duties and powers as may be designated from time to time by the Board of Directors.

Article IV—Capital Stock

1. Certificates of Stock. The shares of the Corporation shall be represented by certificates, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Each stockholder shall be entitled to a certificate of the capital stock of the Corporation in such form as may from time to time be prescribed by the Board of Directors. Any such certificate shall be signed by any two authorized officers of the Corporation (it being understood that each of the Chairman of the Board, Vice Chairman of the Board, the Chief Executive Officer, President, Vice President, Treasurer, Assistant Treasurer, Secretary and Assistant Secretary shall be an authorized officer for such purpose). Such signatures may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law.

2. Transfers. Subject to any restrictions on transfer, shares of stock may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate therefor properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require.

3. Record Holders. Except as may otherwise be required by law, by the Certificate of Incorporation or by these By-laws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these By-laws.

It shall be the duty of each stockholder to notify the Corporation of such stockholder's post office address.

4. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not precede the date on which it is established, and which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, more than ten (10) days after the date on which the record date for stockholder consent without a meeting is established, nor more than sixty (60) days prior to any other action. In such case only stockholders of record on such record date shall be so entitled notwithstanding any transfer of stock on the books of the Corporation after the record date.

If no record date is fixed, (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, (b) the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in this state, to its principal place of business, or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded, and (c) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

5. Lost Certificates. The Corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Article V—Right of First Refusal

1. Right of First Refusal. No stockholder shall sell, transfer, assign, pledge, or otherwise dispose of or encumber any of the shares of Common Stock of the corporation or any right or interest therein (other than Common Stock which is issued upon the conversion of Preferred Stock of the corporation), whether voluntarily or by operation of law, or by gift or otherwise (each, a "Transfer"), except by a Transfer which meets the requirements set forth below:

(a) If the stockholder desires to Transfer any of his, her or its shares of Common Stock, then the stockholder shall first give the notice specified in Section 1(b) hereof and comply with the provisions therein.

(b) For thirty (30) days following receipt of such notice, the corporation shall have the option to purchase all (but not less than all) of the shares of Common Stock specified in the notice at the price and upon the terms set forth in such notice; provided, however, that, with the consent of the stockholder, the Corporation shall have the option to purchase a lesser portion of the shares of Common Stock specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other Transfer in which the proposed transferee is not paying the full price for the shares of Common Stock, and that is not otherwise exempted from the provisions of this Article V, the price shall be deemed to be the fair market value of the Common Stock at such time as determined in good faith by the Board of Directors. In the event the corporation elects to purchase all of the shares of Common Stock or, with consent of the stockholder, a lesser portion of the shares of Common Stock, it shall give written notice to the transferring stockholder of its election and settlement for said shares of Common Stock shall be made as provided below in Section 1(d).

(c) The Corporation may assign its rights hereunder.

(d) In the event the Corporation and/or its assignee(s) elect to acquire any of the shares of Common Stock of the transferring stockholder as specified in said transferring stockholder's notice, the Secretary of the Corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within thirty (30) days after the secretary of the corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the Corporation and/or its assignee(s) shall pay for said shares of Common Stock in cash on the same terms and conditions set forth in said transferring stockholder's notice.

(e) In the event the Corporation and/or its assignees(s) do not elect to acquire all of the shares of Common Stock specified in the transferring stockholder's notice, said transferring stockholder may, subject to the corporation's approval, within the sixty-day period following the expiration or waiver of the option rights granted to the corporation and/or its assignees(s) herein, Transfer the shares of Common Stock specified in said transferring stockholder's notice which were not acquired by the Corporation and/or its assignees(s) as specified in said transferring stockholder's notice. All shares of Common Stock so sold by said transferring stockholder shall continue to be subject to the provisions of this Article V in the same manner as before said Transfer.

(f) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the right of first refusal in this Article V:

(i) A stockholder's Transfer of any or all shares of Common Stock held either during such stockholder's lifetime or on death by will or intestacy to such stockholder's immediate family or to any custodian or trustee for the account of such stockholder or such stockholder's immediate family or to any limited partnership of which the stockholder, members of such stockholder's immediate family or any trust for the account of such stockholder or such stockholder's immediate family will be the general or limited partner(s) of such partnership. "Immediate family" as used herein shall mean spouse, lineal descendant, father, mother, brother, or sister of the stockholder making such Transfer;

(ii) A stockholder's Transfer of any or all shares of Common Stock held either during such stockholder's lifetime or on death by will or intestacy to such stockholder's immediate family or to any custodian or trustee for the account of such stockholder or such stockholder's immediate family or to any limited partnership of which the stockholder, members of such stockholder's immediate family or any trust for the account of such stockholder or such stockholder's immediate family will be the general or limited partner(s) of such partnership. "Immediate family" as used herein shall mean spouse, lineal descendant, father, mother, brother, or sister of the stockholder making such Transfer;

(iii) A corporate stockholder's Transfer of any or all of its shares of Common Stock pursuant to and in accordance with the terms of any merger, consolidation, reclassification of shares or capital reorganization of a corporate stockholder, or pursuant to a sale of all or substantially all of the stock or assets of a corporate stockholder;

(iv) A corporate stockholder's Transfer of any or all of its shares of Common Stock to any or all of its stockholders; or

(v) A Transfer by a stockholder which is a limited or general partnership to any or all of its partners or former partners in accordance with partnership interests.

In any such case, the transferee, assignee, or other recipient shall receive and hold such Common Stock subject to the provisions of this Article V, and there shall be no further Transfer of such Common Stock except in accord with this Article V.

(g) The provisions of this Article V may be waived with respect to any Transfer either by the Corporation, upon duly authorized action of its Board of Directors (including the vote of the preferred directors). This Article V may be amended or repealed either by a duly authorized action of the Board of Directors (including the vote of the preferred directors) or by the stockholders, upon the express written consent of (i) the owners of a majority of the voting power of the Corporation and (ii) the express written consent of any class or series of stock in accordance with the Corporation's Certificate of Incorporation, as amended or restated from time to time.

(h) Any Transfer, or purported Transfer, of securities of the corporation shall be null and void unless the terms, conditions, and provisions of this Article V are strictly observed and followed.

(i) The foregoing right of first refusal shall terminate upon the date securities of the Corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

(j) The certificates representing shares of stock of the Corporation shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

Article VI—Indemnification

1. Definitions. For purposes of this Article VI:

(a) "Corporate Status" describes the status of a person who is serving or has served (i) as a Director of the Corporation, (ii) as an Officer of the Corporation, (iii) as a Non-Officer Employee of the Corporation, or (iv) as a director, partner, trustee, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan, foundation, association, organization or other legal entity which such person is or was serving at the request of the Corporation. For purposes of this Section 1(a), a Director, Officer or Non-Officer Employee of the Corporation who is serving or has served as a director, partner, trustee, officer, employee or agent of a Subsidiary shall be deemed to be serving at the request of the Corporation. Notwithstanding the foregoing, "Corporate Status" shall not include the status of a person who is serving or has served as a director, officer, employee or agent of a constituent corporation absorbed in a merger or consolidation transaction with the Corporation with respect to such person's activities prior to said transaction, unless specifically authorized by the Board of Directors or the stockholders of the Corporation;

(b) "Director" means any person who serves or has served the Corporation as a director on the Board of Directors of the Corporation;

(c) "Disinterested Director" means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation who is not and was not a party to such Proceeding;

(d) “Expenses” means all reasonable attorneys fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(e) “Liabilities” means judgments, damages, liabilities, losses, penalties, excise taxes, fines and amounts paid in settlement;

(f) “Non-Officer Employee” means any person who serves or has served as an employee or agent of the Corporation, but who is not or was not a Director or Officer;

(g) “Officer” means any person who serves or has served the Corporation as an officer of the Corporation appointed by the Board of Directors of the Corporation;

(h) “Proceeding” means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitrative or investigative; and

(i) “Subsidiary” shall mean any corporation, partnership, limited liability company, joint venture, trust or other entity of which the Corporation owns (either directly or through or together with another Subsidiary of the Corporation) either (i) a general partner, managing member or other similar interest or (ii) (A) 50% or more of the voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other entity, or (B) 50% or more of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other entity.

2. Indemnification of Directors and Officers. Subject to the operation of Section 4 of this Article VI of these By-laws, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), and to the extent authorized in this Section 2.

(a) Actions, Suits and Proceedings Other than By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses and Liabilities that are incurred or paid by such Director or Officer or on such Director’s or Officer’s behalf in connection with any Proceeding or any claim, issue or matter therein (other than an action by or in the right of the Corporation), which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director’s or Officer’s Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(b) Actions, Suits and Proceedings By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses that are incurred by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein by or in the right of the Corporation, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation; provided, however, that no indemnification shall be made under this Section 2(b) in respect of any claim, issue or matter as to which such Director or Officer shall have been finally adjudged by a court of competent jurisdiction to be liable to the Corporation, unless, and only to the extent that, the Court of Chancery or another court in which such Proceeding was brought shall determine upon application that, despite adjudication of liability, but in view of all the circumstances of the case, such Director or Officer is fairly and reasonably entitled to indemnification for such Expenses that such court deems proper.

(c) Survival of Rights. The rights of indemnification provided by this Section 2 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives.

(d) Actions by Directors or Officers. Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding (including any parts of such Proceeding not initiated by such Director or Officer) was authorized in advance by the Board of Directors of the Corporation, unless such Proceeding was brought to enforce such Officer's or Director's rights to indemnification or, in the case of Directors, advancement of Expenses under these By-laws in accordance with the provisions set forth herein.

3. Indemnification of Non-Officer Employees. Subject to the operation of Section 4 of this Article VI of these By-laws, each Non-Officer Employee may, in the discretion of the Board of Directors of the Corporation, be indemnified by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against any or all Expenses and Liabilities that are incurred by such Non-Officer Employee or on such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding, or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 3 shall exist as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal

representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized in advance by the Board of Directors of the Corporation.

4. Determination. Unless ordered by a court, no indemnification shall be provided pursuant to this Article VI to a Director, to an Officer or to a Non-Officer Employee unless a determination shall have been made that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal Proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. Such determination shall be made by (a) a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors, (b) a committee comprised of Disinterested Directors, such committee having been designated by a majority vote of the Disinterested Directors (even though less than a quorum), (c) if there are no such Disinterested Directors, or if a majority of Disinterested Directors so directs, by independent legal counsel in a written opinion, or (d) by the stockholders of the Corporation.

5. Advancement of Expenses to Directors Prior to Final Disposition.

(a) The Corporation shall advance all Expenses incurred by or on behalf of any Director in connection with any Proceeding in which such Director is involved by reason of such Director's Corporate Status within thirty (30) days after the receipt by the Corporation of a written statement from such Director requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Director and shall be preceded or accompanied by an undertaking by or on behalf of such Director to repay any Expenses so advanced if it shall ultimately be determined that such Director is not entitled to be indemnified against such Expenses. Notwithstanding the foregoing, the Corporation shall advance all Expenses incurred by or on behalf of any Director seeking advancement of expenses hereunder in connection with a Proceeding initiated by such Director only if such Proceeding (including any parts of such Proceeding not initiated by such Director) was (i) authorized by the Board of Directors of the Corporation, or (ii) brought to enforce such Director's rights to indemnification or advancement of Expenses under these By-laws.

(b) If a claim for advancement of Expenses hereunder by a Director is not paid in full by the Corporation within thirty (30) days after receipt by the Corporation of documentation of Expenses and the required undertaking, such Director may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and if successful in whole or in part, such Director shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such advancement of Expenses under this Article VI shall not be a defense to an action brought by a Director for recovery of the unpaid amount of an advancement claim and shall not create a presumption that such advancement is not permissible. The burden of proving that a Director is not entitled to an advancement of expenses shall be on the Corporation.

(c) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Director has not met any applicable standard for indemnification set forth in the DGCL.

6. Advancement of Expenses to Officers and Non-Officer Employees Prior to Final Disposition.

(a) The Corporation may, at the discretion of the Board of Directors of the Corporation, advance any or all Expenses incurred by or on behalf of any Officer or any Non-Officer Employee in connection with any Proceeding in which such person is involved by reason of his or her Corporate Status as an Officer or Non-Officer Employee upon the receipt by the Corporation of a statement or statements from such Officer or Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Officer or Non-Officer Employee and shall be preceded or accompanied by an undertaking by or on behalf of such person to repay any Expenses so advanced if it shall ultimately be determined that such Officer or Non-Officer Employee is not entitled to be indemnified against such Expenses.

(b) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Officer or Non-Officer Employee has not met any applicable standard for indemnification set forth in the DGCL.

7. Contractual Nature of Rights.

(a) The provisions of this Article VI shall be deemed to be a contract between the Corporation and each Director and Officer entitled to the benefits hereof at any time while this Article VI is in effect, in consideration of such person’s past or current and any future performance of services for the Corporation. Neither amendment, repeal or modification of any provision of this Article VI nor the adoption of any provision of the Certificate of Incorporation inconsistent with this Article VI shall eliminate or reduce any right conferred by this Article VI in respect of any act or omission occurring, or any cause of action or claim that accrues or arises or any state of facts existing, at the time of or before such amendment, repeal, modification or adoption of an inconsistent provision (even in the case of a proceeding based on such a state of facts that is commenced after such time), and all rights to indemnification and advancement of Expenses granted herein or arising out of any act or omission shall vest at the time of the act or omission in question, regardless of when or if any proceeding with respect to such act or omission is commenced. The rights to indemnification and to advancement of expenses provided by, or granted pursuant to, this Article VI shall continue notwithstanding that the person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributes of such person.

(b) If a claim for indemnification hereunder by a Director or Officer is not paid in full by the Corporation within sixty (60) days after receipt by the Corporation of a written claim for indemnification, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification under this Article VI shall not be a defense to an action brought by a Director or Officer for recovery of the unpaid amount of an indemnification claim and shall not create a presumption that such indemnification is not permissible. The burden of proving that a Director or Officer is not entitled to indemnification shall be on the Corporation.

(c) In any suit brought by a Director or Officer to enforce a right to indemnification hereunder, it shall be a defense that such Director or Officer has not met any applicable standard for indemnification set forth in the DGCL.

8. Non-Exclusivity of Rights. The rights to indemnification and advancement of Expenses set forth in this Article VI shall not be exclusive of any other right which any Director, Officer, or Non-Officer Employee may have or hereafter acquire under any statute, provision of the Certificate or these By-laws, agreement, vote of stockholders or Disinterested Directors or otherwise.

9. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer or Non-Officer Employee against any liability of any character asserted against or incurred by the Corporation or any such Director, Officer or Non-Officer Employee, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL or the provisions of this Article VI.

10. Other Indemnification. The Corporation's obligation, if any, to indemnify or provide advancement of Expenses to any person under this Article VI as a result of such person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount such person actually receives as indemnification or advancement of Expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or enterprise (the "Primary Indemnitor")'Any indemnification or advancement of Expenses under this Article VI owed by the Corporation as a result of a person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall only be in excess of, and shall be secondary to, the indemnification or advancement of Expenses available from the applicable Primary Indemnitor(s) and any applicable insurance policies.

Article VII—Miscellaneous Provisions

1. Fiscal Year. Except as otherwise determined by the Board of Directors, the fiscal year of the Corporation shall end on December 31 of each year.

2. Seal. The Board of Directors shall have power to adopt and alter the seal of the Corporation.

3. Execution of Instruments. Subject to any limitations which may be set forth in a resolution of the Board of Directors, all deeds, leases, transfers, contracts, bonds, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without director action may be executed on behalf of the Corporation by, a President, or by any other officer, employee or agent of the Corporation as the Board of Directors may authorize.

4. Voting of Securities. Unless the Board of Directors otherwise provides, a President, any Vice President or the Treasurer may waive notice of and act on behalf of this Corporation, or appoint another person or persons to act as proxy or attorney in fact for this Corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or shareholders of any other corporation or organization (or with respect to any action by written consent in lieu of a meeting), any of whose securities are held by this Corporation.

5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.

6. Corporate Records. The original or attested copies of the Certificate of Incorporation, By-laws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock and transfer records, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, shall be kept at the principal office of the Corporation, at the office of its counsel, or at an office of its transfer agent.

7. Certificate of Incorporation. All references in these By-laws to the Certificate of Incorporation shall be deemed to refer to the Certificate of Incorporation of the Corporation, as amended and in effect from time to time.

8. Amendments. Subject to any stockholder approval requirements set forth in the Certificate of Incorporation, these By-laws may be altered, amended or repealed, and new By-laws may be adopted, by the stockholders or by the Board of Directors.

9. Waiver of Notice. Whenever notice is required to be given under any provision of these By-laws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting needs to be specified in any written waiver or any waiver by electronic transmission.

ALECTOR, INC.

AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

April 26, 2018

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AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

THIS AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT ("**Agreement**") is made as of April 26, 2018, by and among Alector, Inc., a Delaware corporation (the "**Company**"), and each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**", and each of the stockholders listed on Schedule B hereto, each of whom is referred to herein as a "**Key Holder**". Capitalized terms used herein without definition shall, unless otherwise indicated, have the meaning specified in the Company's Certificate of Incorporation, as may be amended or restated from time to time.

RECITALS

WHEREAS, the Company and certain of the Investors are parties to the Series E Preferred Stock Purchase Agreement of even date herewith (the "**Purchase Agreement**");

WHEREAS, the Company, certain of the Investors and Key Holders have previously entered into that certain Registration Rights Agreement dated as of October 13, 2017 (the "**Prior Agreement**");

WHEREAS, the parties hereto constitute the requisite parties to amend and restate the Prior Agreement; and

WHEREAS, to induce certain Investors to enter into the Purchase Agreement and purchase shares of Series E Preferred Stock thereunder, the Company and the undersigned Investors and Key Holders desire to amend and restate the Prior Agreement and to accept the rights and obligations created pursuant hereto in lieu of the rights and obligations created under the Prior Agreement.

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "**Affiliate**" means, with respect to any specified Person, any other Person who or which, directly or indirectly, controls, is controlled by, or is under common control with such specified Person, including without limitation any general partner, officer, director, or manager of such Person and any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

1.2 "**Board of Directors**" means the Board of Directors of the Company.

1.3 "**Damages**" means any loss, damage, or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein,

or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.4 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.5 "**Excluded Registration**" means: (i) a registration relating to the sale of securities to employees of, or other individuals providing services to, the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

1.6 "**Form S-1**" means such registration form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.7 "**Form S-3**" means such registration form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.8 "**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

1.9 "**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

1.10 "**Initiating Holders**" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.11 "**IPO**" means the Company's first underwritten public offering of its Common Stock under the Securities Act.

1.12 "**Key Holder Registrable Securities**" means (i) the Common Stock now owned or subsequently acquired by the Key Holders, and (ii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of such stock.

1.13 "**Person**" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.14 "**Preferred Registrable Securities**" means Registrable Securities exclusive of Key Holder Registrable Securities.

1.15 "**Preferred Stock"** means the Company's Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock.

1.16 "**Registrable Securities**" means: (i) any stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, acquired by the Investors prior to or after the date hereof; (ii) the Key Holder Registrable Securities, provided, however, that such Holders shall not be deemed Holders for the purposes of Sections 2.10 and 3.6; and (iii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the stock referenced in clause (i) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Section 3.1, and excluding for purposes of Section 2 any stock for which registration rights have terminated pursuant to Section 2.13 of this Agreement.

1.17 "**Registrable Securities then outstanding**" means the number of shares of stock determined by adding the number of outstanding Common Stock that are Registrable Securities and the number of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.18 "**Requisite Holders**" means Holders of a majority of the Registrable Securities then outstanding that comprise shares of Common Stock issued or issuable upon the conversion of shares of Series A-1 Preferred Stock, Series A-2 Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock and Series E Preferred Stock, together with any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for, or in replacement of, the foregoing shares.

1.19 "**Restricted Securities**" means the securities of the Company required to bear the legend set forth in Section 2.12(b) hereof.

1.20 "**SEC**" means the Securities and Exchange Commission.

1.21 "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.22 "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.23 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.24 "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of one counsel to the selling Holders borne and paid by the Company as provided in Section 2.6.

1.25 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.26 "**Series A-1 Preferred Stock**" means shares of the Company's Series A-1 Preferred Stock, par value $0.0001 per share.

1.27 "**Series A-2 Preferred Stock**" means shares of the Company's Series A-2 Preferred Stock, par value $0.0001 per share.

1.28 "**Series B Preferred Stock**" means shares of the Company's Series B Preferred Stock, par value $0.0001 per share.

1.29 "**Series C Preferred Stock**" means shares of the Company's Series C Preferred Stock, par value $0.0001 per share.

1.30 "**Series D Preferred Stock**" means shares of the Company's Series D Preferred Stock, par value $0.0001 per share.

1.31 "**Series E Preferred Stock**" means shares of the Company's Series E Preferred Stock, par value $0.0001 per share.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after the earlier of (i) three (3) years after the date of this Agreement or (ii) one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from the Requisite Holders that the Company file a Form S-1 registration statement with respect to at least 25% of the Registrable Securities then outstanding (or a lesser percent for which the anticipated aggregate offering price, net of Selling Expenses, would be at least $15 million), then the Company shall: (i) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 2.1(c) and Section 2.3.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from Holders of at least thirty percent (30%) of the Preferred Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities for which the

anticipated aggregate offering price, net of Selling Expenses, would be at least $3 million, then the Company shall: (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 2.1(c) and Section 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Section 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing for a period of not more than sixty (60) days after the request of the Initiating Holders is given; provided, however, that the Company may not invoke this right more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other Holder during such sixty (60) day period other than pursuant to a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or a registration in which the only Common Stock being registered are Common Stock issuable upon conversion of debt securities that are also being registered.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Section 2.1(a): (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected two (2) registrations pursuant to Section 2.1(a); or (iii) if the Initiating Holders propose to dispose of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Section 2.1(b): (A) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (B) if the Company has effected two registrations pursuant to Section 2.1(b) within the twelve (12) month period immediately

preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Section 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Section 2.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Section 2.1(d).

2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its securities under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Section 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Section 2.6.

2.3 Underwriting Requirements.

(a) If, pursuant to Section 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Section 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Section 2.3, if the managing underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

(b) In connection with any offering involving an underwriting of the securities of the Company pursuant to Section 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, (ii) the number of Registrable Securities included in the offering be reduced below thirty percent (30%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering, or (iii) notwithstanding (ii) above, any Preferred Registrable Securities be excluded from underwriting unless all Key Holder Registrable Securities are first excluded from such offering. For purposes of the provisions in this Section 2.3(b) and Section 2.3(a) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, members, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Section 2.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Section 2.3(a), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.4 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to sixty (60) days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business in any such states or jurisdictions, except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent limited liability company documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed $50,000, of one counsel for the selling Holders, shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 if the registration request is subsequently withdrawn at the request of the Requisite Holders to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Requisite Holders agree to forfeit their right to one registration pursuant to Section 2.1(a) or Section 2.1(b), as the case may be; provided further that if, at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information, then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Section 2.1(a) or Section 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless: each selling Holder, and the partners, members, officers, directors, and members of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under this Section 2.8(b) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to

assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.8 to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.8.

(d) Notwithstanding anything else herein to the contrary, the foregoing indemnity agreements of the Company and the selling Holders are subject to the condition that, insofar as they relate to any Damages arising from any untrue statement or alleged untrue statement of a material fact contained in, or omission or alleged omission of a material fact from, a preliminary prospectus (or necessary to make the statements therein not misleading) that has been corrected in the form of prospectus included in the registration statement at the time it becomes effective, or any amendment or supplement thereto filed with the SEC pursuant to Rule 424(b) under the Securities Act (the "**Final Prospectus**"), such indemnity agreement shall not inure to the benefit of any Person if a copy of the Final Prospectus was furnished to the indemnified party and such indemnified party failed to deliver, at or before the confirmation of the sale of the shares registered in such offering, a copy of the Final Prospectus to the Person asserting the loss, liability, claim, or damage in any case in which such delivery was required by the Securities Act.

(e) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Section 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Section 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Section 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (x) no Holder will be required to contribute any amount in excess of the public offering price of all such

Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Section 2.8(e), when combined with the amounts paid or payable by such Holder pursuant to Section 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(f) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(g) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Section 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request: (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company; and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Requisite Holders, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (i) to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included or (ii) to initiate a demand registration of any securities held by such holder or prospective holder.

2.11 "Market Stand-off" Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the IPO, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days, or such other period as may be reasonably requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right, or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock held immediately before the effective date of the registration statement for such offering or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Section 2.11 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall be applicable to the Holders of Preferred Registrable Securities only if all officers, directors and stockholders individually owning more than one percent (1%) of the outstanding Common Stock (after giving effect to conversion into Common Stock of all outstanding Preferred Stock) are subject to the same restrictions. The underwriters in connection with such registration are intended third party beneficiaries of this Section 2.11 and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Section 2.11 or that are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Holders of Preferred Registrable Securities subject to such agreements, based on the number of shares subject to such agreements.

2.12 Restrictions on Transfer.

(a) The Preferred Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Preferred Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate or instrument representing (i) the Preferred Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Section 2.12(c)) be stamped or otherwise imprinted with a legend substantially in the following form:

> THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH STOCK MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.
>
> THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE HOLDERS, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Section 2.12.

(c) The holder of each certificate representing Restricted Securities, by acceptance thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either: (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144 or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration;

provided that each transferee agrees in writing to be subject to the terms of this Section 2.12. Each certificate or instrument evidencing the Restricted Securities transferred as above provided shall bear, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Section 2.12(b), except that such certificate shall not bear such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2.1 or Section 2.2 shall terminate upon the earlier to occur of:

(a) the closing of a Deemed Liquidation Event; and

(b) on the fifth (5th) anniversary of the IPO.

3. Miscellaneous.

3.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that: (i) is an Affiliate, partner, member, limited partner, retired partner, retired member, or member of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 500,000 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations); provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Section 2.11. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee: (1) that is an Affiliate, limited partner, retired partner, member, retired member, or member of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

3.2 Governing Law. This Agreement and any controversy arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any principles of conflicts of law that would require the application of the laws of any other jurisdiction.

3.3 Counterparts; Facsimile. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on Schedule A hereto, Schedule B hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Section 3.5. If notice is given to the Company, a copy (which shall not constitute notice) shall also be sent to Kingsley L. Taft, Esq., Goodwin Procter LLP, 100 Northern Avenue, Boston, MA 02210, email: ktaft@goodwinlaw.com.

3.6 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the Requisite Holders; provided that the Company may in its sole discretion waive compliance with Section 2.12(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Section 2.12(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, termination, or waiver applies to all Investors in the same fashion. Further, this Agreement may not be amended, and no provision hereof may be waived, in each case, in any way which would adversely affect the rights of the Key Holders hereunder in a manner disproportionate to any adverse effect such amendment or waiver would have on the rights of the Investors hereunder, without also the written consent of the holders of at least a majority of the Key Holder Registrable Securities which shall not be unreasonable withheld, conditioned or delayed. The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Section 3.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

3.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

3.8 Aggregation of Shares. All Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.9 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

3.10 Delays or Omissions. Except as set forth in Section 3.6 with respect to the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Section 2.12(c), no delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

3.11 Prior Agreement Superseded. Pursuant to Section 3.6 of the Prior Agreement, the undersigned parties who are parties to such Prior Agreement hereby amend and restate the Prior Agreement to read in its entirety as set forth in this Agreement, all with the intent and effect that the Prior Agreement shall hereby be terminated and entirely replaced and superseded by this Agreement.

3.12 Consent to Jurisdiction. For any action brought by a Key Holder or Investor against the Company, or by the Company against any Key Holder or Investor, each of the parties hereto hereby consents to the non-exclusive jurisdiction of the courts of the State of California in connection with any matter or dispute arising under this Agreement regarding the affairs of the Company.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

COMPANY:

ALECTOR, INC.

By: /s/ Arnon Rosenthal
Name: Arnon Rosenthal
Title: President and CEO

[Signature Page to Series E Registration Rights Agreement]

INVESTORS:

PVP VI (AIV) FEEDER CORP. HOLDING PARTNERSHIP, L.P.

By: Polaris Venture Management Co. VI, L.L.C.
Its General Partner

By: /s/ Max Eisenberg
Name: Max Eisenberg
Title: Attorney-in-fact

POLARIS VENTURE PARTNERS VI (AIV), L.P.

By: Polaris Venture Management Co. VI, L.L.C.
Its General Partner

By: /s/ Max Eisenberg
Name: Max Eisenberg
Title: Attorney-in-fact

POLARIS VENTURE PARTNERS VI, L.P.

By: Polaris Venture Management Co. VI, L.L.C.
Its General Partner

By: /s/ Max Eisenberg
Name: Max Eisenberg
Title: Attorney-in-fact

POLARIS VENTURE PARTNERS FOUNDERS' FUND VI, L.P.

By: Polaris Venture Management Co. VI, L.L.C.
Its General Partner

By: /s/ Max Eisenberg
Name: Max Eisenberg
Title: Attorney-in-fact

INVESTORS:

ORBIMED PRIVATE INVESTMENTS IV—AL (FEEDER), LP

By: OrbiMed Capital GP IV LLC, its General Partner

By: OrbiMed Advisors LLC, its Managing Member

By: /s/ Carl Gordon
Name: Carl Gordon
Title: Member

ORBIMED PRIVATE INVESTMENTS IV—AL, LP

By: OrbiMed Capital GP IV LLC, its General Partner

By: OrbiMed Advisors LLC, its Managing Member

By: /s/ Carl Gordon
Name: Carl Gordon
Title: Member

INVESTORS:

DEMENTIA DISCOVERY, L.P.

By: Dementia Discovery GP, LP, its sole General Partner

By: Dementia Discovery General Partner, LLP,
its sole General Partner

By: /s/ Nick Coleman
Name: Nick Coleman
Title: Member

DDF PARALLEL LLP

By: Dementia Discovery General Partner LLP,
Its Managing Member

By: /s/ Nick Coleman
Name: Nick Coleman
Title: Member

INVESTORS:

GV 2014, L.P.
By: GV 2014 GP, L.L.C., its General Partner

By: /s/ Daphne M. Chang
Name: Daphne M. Chang
Title: Authorized Signatory

GV 2017, L.P.
By: GV 2017 GP, L.P., its General Partner
By: GV 2017 GP, L.L.C., its General Partner

By: /s/ Daphne M. Chang
Name: Daphne M. Chang
Title: Authorized Signatory

INVESTORS:

TOPSPIN BIOTECH FUND II, LP
By: L.G. MANAGEMENT, LLC,
its General Partner

By: /s/ Steven J. Winick
Name: Steven J. Winick
Title: Managing Director

INVESTORS:

BANNER LLC

By: /s/ Joseph Cosmai
Name: Joseph Cosmai
Title: Vice President
Name:
Title:

SYMMETRY GROUP LTD.

By: /s/ Joseph Cosmai
Name: Joseph Cosmai
Title: Vice President and Treasurer

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INVESTORS:

MISSION BAY CAPITAL II, LP

By: /s/ Douglas Crawford
Name: Douglas Crawford
Title: Managing Director

[Signature Page to Series E Registration Rights Agreement]

INVESTORS:

AMGEN VENTURES LLC

By: /s/ David W. Meline
Name: David W. Meline
Title: Executive Vice President and Chief Financial Officer

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INVESTORS:

ABBVIE INC.

By: /s/ [illegible]
Name: [illegible]
Title:

ABBVIE BIOTECHNOLOGY LTD

By: /s/ Stephen P. Muldoon
Name: Stephen P. Muldoon
Title: Director

INVESTORS:

MRL VENTURES FUND LLC

By: /s/ Christine Brennan, Ph.D.
Name: Christine Brennan, Ph.D.
Title: Partner

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INVESTORS:

THE EBERSMAN FAMILY TRUST UA DTD 05/29/2002

By: /s/ David Ebersman
Name: David Ebersman
Title: Trustee

[Signature Page to Series E Registration Rights Agreement]

INVESTORS:

PRESTON FAMILY TRUST

By: /s/ Heather Preston
Name: Heather Preston
Title: Trustee

[Signature Page to Series E Registration Rights Agreement]

INVESTORS:

THE DE SAUVAGE FAMILY TRUST, DTD 10/18/2000

By: /s/ Frederic de Sauvage
Name: Frederic de Sauvage
Title: Trustee

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INVESTORS:

SECTION 32 FUND 2, LP
By: Section 32 GP 2, LLC, its general partner

By: /s/ Jennifer L. Kercher
Name: Jennifer L. Kercher
Title: Chief Operating Officer

[Signature Page to Series E Registration Rights Agreement]

INVESTORS:

FEDERATED KAUFMANN FUND, A PORTFOLIO OF FEDERATED EQUITY FUNDS

FEDERATED KAUFMANN SMALL CAP FUND, A PORTFOLIO OF FEDERATED EQUITY FUNDS

FEDERATED KAUFMANN FUND II, A PORTFOLIO OF FEDERATED EQUITY FUNDS

By: Federated Equity Management Company of Pennsylvania, investment advisor

By: /s/ Hans P. Utsch
Name: Hans P. Utsch
Title:

Vice President, Federated Global Investment Management, as attorney-in-fact for Federated Kaufmann Fund, a portfolio of Federated Equity Funds

Vice President, Federated Global Investment Management, as attorney-in-fact for Federated Kaufmann Small Cap Fund, a portfolio of Federated Equity Funds

Vice President, Federated Global Investment Management, as attorney-in-fact for Federated Kaufmann Fund II, a portfolio of Federated Equity Funds

INVESTORS:

SHREWSBURY CAPITAL PARTNERS LLC

By: /s/ Jonathan Gold
Name: Jonathan Gold
Title: Managing Member

[Signature Page to Series E Registration Rights Agreement]

INVESTORS:

/s/ Tillman Gerngross
Tillman Gerngross

[Signature Page to Series E Registration Rights Agreement]

INVESTORS:

LEERRINK HOLDINGS LLC

By: /s/ Joseph R. Gentile
Name: Joseph R. Gentile
Title: CAO

LEERRINK PARTNERS CO-INVESTMENT FUND, LLC

By: /s/ Joseph R. Gentile
Name: Joseph R. Gentile
Title: Manager

INVESTORS:

HCM CURE II, LLC

By: Highline Capital Management, L.P.

By: Highline Capital GP, Inc., its General Partner

By: /s/ Howard M. Singer
Name: Howard M. Singer
Title: Chief Operating Officer

INVESTORS:

FORESITE CAPITAL FUND IV, L.P.

By: Foresite Capital Management IV, LLC,
its General Partner

By: /s/ Dennis D. Ryan
Name: Dennis D. Ryan
Title: Chief Financial Officer

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INVESTORS:

PERCEPTIVE LIFE SCIENCES MASTER FUND LTD.

By: /s/ James H. Mannix
Name: James H. Mannix
Title: Chief Operating Officer

[Signature Page to Series E Registration Rights Agreement]

INVESTORS:

DEERFIELD SPECIAL SITUATIONS FUND, L.P.
By: Deerfield Mgmt, L.P.
General Partner
By: J.E. Flynn Capital, LLC
General Partner

By: /s/ David J. Clark
Name: David J. Clark
Title: Authorized Signatory

DEERFIELD PRIVATE DESIGN FUND III, L.P.
By: Deerfield Mgmt, L.P.
General Partner
By: J.E. Flynn Capital, LLC
General Partner

By: /s/ David J. Clark
Name: David J. Clark
Title: Authorized Signatory

DEERFIELD PRIVATE DESIGN FUND IV, L.P.
By: Deerfield Mgmt, L.P.
General Partner
By: J.E. Flynn Capital, LLC
General Partner

By: /s/ David J. Clark
Name: David J. Clark
Title: Authorized Signatory

INVESTORS:

NEW LEAF BIOPHARMA OPPORTUNITIES II, L.P.

By: New Leaf BPO Associates II, L.P.
Its: General Partner

By: New Leaf BPO Management II, L.L.C.
Its: General Partner

By: /s/ Craig L. Slutzkin
Name: Craig L. Slutzkin
Title: Chief Financial Officer

INVESTORS:

CASDIN PARTNERS MASTER FUND, L.P.
By: Casdin Partners GP, LLC, its General Partner

By: /s/ Eli Casdin
Name: Eli Casdin
Title: Managing Member

[Signature Page to Series E Registration Rights Agreement]

INVESTORS:

LAV AGATE LIMITED

By: /s/ Yu Luo
Name: Yu Luo
Title: Authorized Signatory

INVESTORS:

LAVRITE, LLC

By: /s/ Lou Lavigne
Name: Lou Lavigne
Title: Managing Director

[Signature Page to Series E Registration Rights Agreement]

KEY HOLDERS:

/s/ Arnon Rosenthal
Arnon Rosenthal

THE ROSENTHAL FAMILY REVOCABLE TRUST DATED NOVEMBER 4, 1994, AS RESTATED ON JUNE 9, 1999

/s/ Arnon Rosenthal
Name: Arnon Rosenthal
Title: Trustee

ADI ROSENTHAL 2007 TRUST DATED MARCH 27, 2007

/s/ Arnon Rosenthal
Name: Arnon Rosenthal
Title: Trustee

NOAM ROSENTHAL 2007 TRUST DATED MARCH 27, 2007

/s/ Arnon Rosenthal
Name: Arnon Rosenthal
Title: Trustee

SHANI ROSENTHAL 2007 TRUST DATED MARCH 27, 2007

/s/ Arnon Rosenthal
Name: Arnon Rosenthal
Title: Trustee

KEY HOLDERS:

/s/ Asa Abeliovich
Asa Abeliovich

/s/ Tillman Gerngross
Tillman Gerngross

ULYSSES CONSOLIDATED LLC

By: /s/ Errik Anderson
Name: Errik Anderson
Title: President

/s/ Jonathan Sheller
Jonathan Sheller

/s/ Kelly Hackett
Kelly Hackett

/s/ Ryan McGovern
Ryan McGovern

KEY HOLDERS:

/s/ Sabah Oney
Sabah Oney

/s/ Robert Paul
Robert Paul

/s/ Calvin Yu
Calvin Yu

/s/ Robert King
Robert King

/s/ Stephanie Yonker
Stephanie Yonker

SCHEDULE A

INVESTORS

Name and Address

Polaris Venture Partners VI (AIV), L.P.

Polaris Venture Partners VI, L.P.

Polaris Venture Partners Founders' Fund VI, L.P.

PVP VI (AIV) Feeder Corp Holding Partnership, L.P.

OrbiMed Private Investments IV—AL, LP

OrbiMed Private Investments IV—AL (Feeder), LP

MRL Ventures Fund LLC

GV 2014, L.P.

GV 2017, L.P.

Topspin Biotech Fund II, LP

Banner LLC

Symmetry Group Ltd.

Mission Bay Capital II, LP

Dementia Discovery LP

DDF Parallel LLP

AbbVie Inc.

AbbVie Biotechnology Ltd

Amgen Ventures LLC

Tillman Gerngross

The Ebersman Family Trust UA DTD 05/29/2002

Preston Family Trust

The de Sauvage Family Trust, DTD 10/18/2000

Section 32 Fund 2, LP

Federated Kaufmann Fund

Federated Kaufmann Small Cap Fund

Federated Kaufmann Fund II

Shrewsbury Capital Partners LLC

Casdin Partners Master Fund VI, L.P.

New Leaf Biopharma Opportunities II, L.P.

HCM Cure II, LLC (Highline Capital)

Deerfield Special Situations Fund, L.P.

Deerfield Private Design Fund III, L.P.

Deerfield Private Design Fund IV, L.P.

LAV Agate Limited

Leerink Holdings LLC

Leerink Partners Co-Investment Fund, LLC

Perceptive Life Sciences Master Fund LTD

Foresite Capital Fund IV, L.P.

Lavrite, LLC

SCHEDULE B

KEY HOLDERS

Name and Address

Arnon Rosenthal

The Rosenthal Family Revocable Trust Dated November 4, 1994, as restated on June 9, 1999

Adi Rosenthal 2007 Trust dated March 27, 2007

Noam Rosenthal 2007 Trust dated March 27, 2007

Shani Rosenthal 2007 Trust dated March 27, 2007

Asa Abeliovich

Tillman Gerngross

Ulysses Consolidated LLC (Errik Anderson)

Jon Sheller

Kelly Hackett

Ryan McGovern

Sabah Oney

Robert Paul

Calvin Yu

Robert King

Stephanie Yonker

Exhibit 10.2

ALECTOR, INC.

2017 STOCK OPTION AND GRANT PLAN
(as amended on August 15, 2018)

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Alector, Inc. 2017 Stock Option and Grant Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, directors, Consultants and other key persons of Alector, Inc., a Delaware corporation (including any successor entity, the "Company") and its Subsidiaries, upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business, to acquire a proprietary interest in the Company.

The following terms shall be defined as set forth below:

"*Affiliate*" of any Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the first mentioned Person. A Person shall be deemed to control another Person if such first Person possesses directly or indirectly the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, by contract or otherwise.

"*Award*" or "*Awards*," except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Unrestricted Stock Awards, Restricted Stock Units or any combination of the foregoing.

"*Award Agreement*" means a written or electronic agreement setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Agreement may contain terms and conditions in addition to those set forth in the Plan; *provided, however,* in the event of any conflict in the terms of the Plan and the Award Agreement, the terms of the Plan shall govern**.**

"*Board*" means the Board of Directors of the Company.

"*Cause*" shall have the meaning as set forth in the Award Agreement(s). In the case that any Award Agreement does not contain a definition of "Cause," it shall mean (i) the grantee's dishonest statements or acts with respect to the Company or any Affiliate of the Company, or any current or prospective customers, suppliers vendors or other third parties with which such entity does business; (ii) the grantee's commission of (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud; (iii) the grantee's failure to perform his assigned duties and responsibilities to the reasonable satisfaction of the Company which failure continues, in the reasonable judgment of the Company, after written notice given to the grantee by the Company; (iv) the grantee's gross negligence, willful misconduct or insubordination with respect to the Company or any Affiliate of the Company; or (v) the grantee's material violation of any provision of any agreement(s) between the grantee and the Company relating to noncompetition, nonsolicitation, nondisclosure and/or assignment of inventions.

"*Chief Executive Officer*" means the Chief Executive Officer of the Company or, if there is no Chief Executive Officer, then the President of the Company.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"*Committee*" means the Committee referred to in Section 2.

"*Consultant*" means any natural person that provides bona fide services to the Company (including a Subsidiary), and such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities.

"*Disability*" means "disability" as defined in Section 422(c) of the Code.

"*Effective Date*" means the date on which the Plan is adopted as set forth on the final page of the Plan.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"*Fair Market Value*" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Committee based on the reasonable application of a reasonable valuation method not inconsistent with Section 409A of the Code. If the Stock is admitted to trade on a national securities exchange, the determination shall be made by reference to the closing price reported on such exchange. If there is no closing price for such date, the determination shall be made by reference to the last date preceding such date for which there is a closing price. If the date for which Fair Market Value is determined is the first day when trading prices for the Stock are reported on a national securities exchange, the Fair Market Value shall be the "Price to the Public" (or equivalent) set forth on the cover page for the final prospectus relating to the Company's Initial Public Offering.

"*Good Reason*" shall have the meaning as set forth in the Award Agreement(s). In the case that any Award Agreement does not contain a definition of "Good Reason," it shall mean (i) a material diminution in the grantee's base salary except for across-the-board salary reductions similarly affecting all or substantially all similarly situated employees of the Company or (ii) a change of more than 50 miles in the geographic location at which the grantee provides services to the Company, so long as the grantee provides at least 90 days notice to the Company following the initial occurrence of any such event and the Company fails to cure such event within 30 days thereafter.

"*Grant Date*" means the date that the Committee designates in its approval of an Award in accordance with applicable law as the date on which the Award is granted, which date may not precede the date of such Committee approval.

"*Holder*" means, with respect to an Award or any Shares, the Person holding such Award or Shares, including the initial recipient of the Award or any Permitted Transferee.

"*Incentive Stock Option*" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"*Initial Public Offering*" means the consummation of the first firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale by the Company of its equity securities, as a result of or following which the Stock shall be publicly held.

"*Non-Qualified Stock Option*" means any Stock Option that is not an Incentive Stock Option.

"*Option*" or "*Stock Option*" means any option to purchase shares of Stock granted pursuant to Section 5.

"*Permitted Transferees*" shall mean any of the following to whom a Holder may transfer Shares hereunder (as set forth in Section 9(a)(ii)(A)): the Holder's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Holder's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons control the management of assets, and any other entity in which these persons own more than fifty percent of the voting interests*; provided, however,* that any such trust does not require or permit distribution of any Shares during the term of the Award Agreement unless subject to its terms. Upon the death of the Holder, the term Permitted Transferees shall also include such deceased Holder's estate, executors, administrators, personal representatives, heirs, legatees and distributees, as the case may be.

"*Person*" shall mean any individual, corporation, partnership (limited or general), limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or any similar entity.

"*Restricted Stock Award*" means Awards granted pursuant to Section 6 and "*Restricted Stock*" means Shares issued pursuant to such Awards.

"*Restricted Stock Unit*" means an Award of phantom stock units to a grantee, which may be settled in cash or Shares as determined by the Committee, pursuant to Section 8.

"*Sale Event*" means the consummation of (i) the dissolution or liquidation of the Company, (ii) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (iii) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the surviving or resulting entity (or its ultimate parent, if applicable), (iv) the acquisition of all or a majority of the outstanding voting stock of the Company in a single transaction or a series of related transactions by a Person or group of Persons, or (v) any other acquisition of the business of the Company, as determined by the Board; *provided, however,* that the Company's Initial Public Offering, any subsequent public offering or another capital raising event, or a merger effected solely to change the Company's domicile shall not constitute a "Sale Event."

"*Section 409A*" means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"*Service Relationship*" means any relationship as a full-time employee, part-time employee, director or other key person (including Consultants) of the Company or any Subsidiary or any successor entity (e.g., a Service Relationship shall be deemed to continue without interruption in the event an individual's status changes from full-time employee to part-time employee or Consultant).

"*Shares*" means shares of Stock.

"*Stock*" means the Common Stock, par value $0.0001 per share, of the Company.

"*Subsidiary*" means any corporation or other entity (other than the Company) in which the Company has more than a 50 percent interest, either directly or indirectly.

"*Ten Percent Owner*" means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent of the Company or any Subsidiary.

"*Termination Event*" means the termination of the Award recipient's Service Relationship with the Company and its Subsidiaries for any reason whatsoever, regardless of the circumstances thereof, and including, without limitation, upon death, disability, retirement, discharge or resignation for any reason, whether voluntarily or involuntarily. The following shall not constitute a Termination Event: (i) a transfer to the service of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another Subsidiary or (ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Committee, if the individual's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing.

"*Unrestricted Stock Award*" means any Award granted pursuant to Section 7 and "*Unrestricted Stock*" means Shares issued pursuant to such Awards.

SECTION 2. ADMINISTRATION OF PLAN; COMMITTEE AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Board, or at the discretion of the Board, by a committee of the Board or a committee of Board members or of other individuals satisfying applicable laws appointed by the Board. All references herein to the "Committee" shall be deemed to refer to the individual(s) then responsible for administration of the Plan at the relevant time (i.e., either the Board of Directors or such a committee or committees, as applicable).

(b) Powers of Committee. The Committee shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the amount, if any, of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Unrestricted Stock Awards, Restricted Stock Units, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of Shares to be covered by any Award and, subject to the provisions of the Plan, the price, exercise price, conversion ratio or other price relating thereto;

(iv) to determine and, subject to Section 12, to modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the form of Award Agreements;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) to impose any limitations on Awards, including limitations on transfers, repurchase provisions and the like, and to exercise repurchase rights or obligations;

(vii) subject to Section 5(a)(ii) and any restrictions imposed by Section 409A, to extend at any time the period in which Stock Options may be exercised; and

(viii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including Award Agreements); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Committee shall be binding on all persons, including the Company and all Holders.

(c) Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award.

(d) Indemnification. Neither the Board nor the Committee, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Committee (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's governing documents, including its certificate of incorporation or bylaws, or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(e) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and any Subsidiary operate or have employees or other individuals eligible for Awards, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries, if any, shall be covered by the Plan; (ii) determine which individuals, if any, outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent the Committee determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to the Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 3(a) hereof; and (v) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS AND OTHER TRANSACTIONS; SUBSTITUTION

(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 5,275,666 Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than 18,000,000 Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company. Beginning on the date that the Company becomes subject to Section 162(m) of the Code, Options with respect to no more than 5,275,666 Shares shall be granted to any one individual in any calendar year period. For the avoidance of doubt, Shares issued by the Company as a result of equity awards granted pursuant to any equity incentive plan sponsored by any predecessor to the Company shall be treated as Shares granted under the Plan for purposes of determining the number of Shares available for issuance under the Plan.

(b) Changes in Stock. Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding Shares are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional Shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such Shares or other securities, in each case, without the receipt of consideration by the Company, or, if, as a result of any merger or consolidation, or sale of all or substantially all of the assets of the Company, the outstanding Shares are converted into or exchanged for other securities of the Company or any successor entity (or a parent or subsidiary thereof), the Committee shall make an appropriate and proportionate adjustment in (i) the maximum number of Shares reserved for issuance under the Plan, (ii) the number and kind of Shares or other securities subject to any then outstanding Awards under the Plan, (iii) the repurchase price, if any,

per Share subject to each outstanding Award, and (iv) the exercise price for each Share subject to any then outstanding Stock Options under the Plan, without changing the aggregate exercise price (i.e., the per share exercise price multiplied by the number of Shares underlying such Stock Options) as to which such Stock Options remain exercisable. The Committee shall in any event make such adjustments as may be required by Section 25102(o) of the California Corporation Code and the rules and regulations promulgated thereunder. The adjustment by the Committee shall be final, binding and conclusive. No fractional Shares shall be issued under the Plan resulting from any such adjustment, but the Committee in its discretion may make a cash payment in lieu of fractional shares.

(c) Sale Events.

(i) Options.

(A) In the case of and subject to the consummation of a Sale Event, the Plan and all outstanding Options issued hereunder shall terminate upon the effective time of any such Sale Event unless assumed or continued by the successor entity, or new stock options or other awards of the successor entity or parent thereof are substituted therefor, with an equitable or proportionate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree (after taking into account any acceleration hereunder and/or pursuant to the terms of any Award Agreement).

(B) In the event of the termination of the Plan and all outstanding Options issued hereunder pursuant to Section 3(c), each Holder of Options shall be permitted, within a period of time prior to the consummation of the Sale Event as specified by the Committee, to exercise all such Options which are then exercisable or will become exercisable as of the effective time of the Sale Event; *provided*, *however*, that the exercise of Options not exercisable prior to the Sale Event shall be subject to the consummation of the Sale Event.

(C) Notwithstanding anything to the contrary in Section 3(c)(i)(A), in the event of a Sale Event, the Company shall have the right, but not the obligation, to make or provide for a cash payment to the Holders of Options, without any consent of the Holders, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the value as determined by the Committee of the consideration payable per share of Stock pursuant to the Sale Event (the "Sale Price") times the number of Shares subject to outstanding Options being cancelled (to the extent then vested and exercisable, including by reason of acceleration in connection with such Sale Event, at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding vested and exercisable Options.

(ii) Restricted Stock and Restricted Stock Unit Awards.

(A) In the case of and subject to the consummation of a Sale Event, all unvested Restricted Stock and unvested Restricted Stock Unit Awards (other than those becoming vested as a result of the Sale Event) issued hereunder shall be forfeited immediately prior to the effective time of any such Sale Event unless assumed or continued by the successor entity, or awards of the successor entity or parent thereof are substituted therefor, with an equitable or proportionate adjustment as to the number and kind of shares subject to such awards as such parties shall agree (after taking into account any acceleration hereunder and/or pursuant to the terms of any Award Agreement).

(B) In the event of the forfeiture of Restricted Stock pursuant to Section 3(c)(ii)(A), such Restricted Stock shall be repurchased from the Holder thereof at a price per share equal to the original per share purchase price paid by the Holder (subject to adjustment as provided in Section 3(b)) for such Shares.

(C) Notwithstanding anything to the contrary in Section 3(c)(ii)(A), in the event of a Sale Event, the Company shall have the right, but not the obligation, to make or provide for a cash payment to the Holders of Restricted Stock or Restricted Stock Unit Awards, without consent of the Holders, in exchange for the cancellation thereof, in an amount equal to the Sale Price times the number of Shares subject to such Awards, to be paid at the time of such Sale Event or upon the later vesting of such Awards.

SECTION 4. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, directors, Consultants and key persons of the Company and any Subsidiary who are selected from time to time by the Committee in its sole discretion; provided, however, that Awards shall be granted only to those individuals described in Rule 701(c) of the Securities Act.

SECTION 5. STOCK OPTIONS

Upon the grant of a Stock Option, the Company and the grantee shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee, and such terms and conditions may differ among individual Awards and grantees.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

(a) Terms of Stock Options. The Committee in its discretion may grant Stock Options to those individuals who meet the eligibility requirements of Section 4. Stock Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

(i) Exercise Price. The exercise price per share for the Shares covered by a Stock Option shall be determined by the Committee at the time of grant but shall not be less than 100 percent of the Fair Market Value on the Grant Date. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the exercise price per share for the Shares covered by such Incentive Stock Option shall not be less than 110 percent of the Fair Market Value on the Grant Date.

(ii) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten years from the Grant Date. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the Grant Date.

(iii) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable and/or vested at such time or times, whether or not in installments, as shall be determined by the Committee at or after the Grant Date. The Award Agreement may permit a grantee to exercise all or a portion of a Stock Option immediately at grant; provided that the Shares issued upon such exercise shall be subject to restrictions and a vesting schedule identical to the vesting schedule of the related Stock Option, such Shares shall be deemed to be Restricted Stock for purposes of the Plan, and the optionee may be required to enter into an additional or new Award Agreement as a condition to exercise of such Stock Option. An optionee shall have the rights of a stockholder only as to Shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options. An optionee shall not be deemed to have acquired any Shares unless and until a Stock Option shall have been exercised pursuant to the terms of the Award Agreement and this Plan and the optionee's name has been entered on the books of the Company as a stockholder.

(iv) Method of Exercise. Stock Options may be exercised by an optionee in whole or in part, by the optionee giving written or electronic notice of exercise to the Company, specifying the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the following methods (or any combination thereof) to the extent provided in the Award Agreement:

(A) In cash, by certified or bank check, by wire transfer of immediately available funds, or other instrument acceptable to the Committee;

(B) If permitted by the Committee, by the optionee delivering to the Company a promissory note, if the Board has expressly authorized the loan of funds to the optionee for the purpose of enabling or assisting the optionee to effect the exercise of his or her Stock Option; provided, that at least so much of the exercise price as represents the par value of the Stock shall be paid in cash if required by state law;

(C) If permitted by the Committee and the Initial Public Offering has occurred (or the Stock otherwise becomes publicly-traded), through the delivery (or attestation to the ownership) of Shares that have been purchased by the optionee on the open market or that are beneficially owned by the optionee and are not then subject to restrictions under any Company plan. To the extent required to avoid variable accounting treatment under ASC 718 or other applicable accounting rules, such surrendered Shares if originally purchased from the Company shall have been owned by the optionee for at least six months. Such surrendered Shares shall be valued at Fair Market Value on the exercise date;

(D) If permitted by the Committee and the Initial Public Offering has occurred (or the Stock otherwise becomes publicly-traded), by the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the

Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Committee shall prescribe as a condition of such payment procedure; or

(E) If permitted by the Committee, and only with respect to Stock Options that are not Incentive Stock Options, by a "net exercise" arrangement pursuant to which the Company will reduce the number of Shares issuable upon exercise by the largest whole number of Shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. No certificates for Shares so purchased will be issued to the optionee or, with respect to uncertificated Stock, no transfer to the optionee on the records of the Company will take place, until the Company has completed all steps it has deemed necessary to satisfy legal requirements relating to the issuance and sale of the Shares, which steps may include, without limitation, (i) receipt of a representation from the optionee at the time of exercise of the Option that the optionee is purchasing the Shares for the optionee's own account and not with a view to any sale or distribution of the Shares or other representations relating to compliance with applicable law governing the issuance of securities, (ii) the legending of the certificate (or notation on any book entry) representing the Shares to evidence the foregoing restrictions, (iii) obtaining from the optionee payment or provision for all withholding taxes due as a result of the exercise of the Option and (iv) if required by the Company, the optionee's execution and delivery of any stockholders' agreements or other agreements with the Company and/or certain other stockholders of the Company relating to the Shares. The delivery of certificates representing the shares of Stock (or the transfer to the optionee on the records of the Company with respect to uncertificated Stock) to be purchased pursuant to the exercise of a Stock Option will be contingent upon (A) receipt from the optionee (or a purchaser acting in his or her stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such Shares and the fulfillment of any other requirements contained in the Award Agreement or applicable provisions of laws and (B) if required by the Company, the optionee shall have entered into any stockholders agreements or other agreements with the Company and/or certain other of the Company's stockholders relating to the Stock. In the event an optionee chooses to pay the purchase price by previously-owned Shares through the attestation method, the number of Shares transferred to the optionee upon the exercise of the Stock Option shall be net of the number of Shares attested to.

(b) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the Grant Date) of the Shares with respect to which Incentive Stock Options granted under the Plan and any other plan of the Company or its parent and any Subsidiary that become exercisable for the first time by an optionee during any calendar year shall not exceed $100,000 or such other limit as may be in effect from time to time under Section 422 of the Code. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

(c) Termination. Any portion of a Stock Option that is not vested and exercisable on the date of termination of an optionee's Service Relationship shall immediately expire and be null and void. Once any portion of the Stock Option becomes vested and exercisable, the optionee's right to exercise such portion of the Stock Option (or the optionee's representatives and legatees as

applicable) in the event of a termination of the optionee's Service Relationship shall continue until the earliest of: (i) the date which is: (A) 12 months following the date on which the optionee's Service Relationship terminates due to death or Disability (or such longer period of time as determined by the Committee and set forth in the applicable Award Agreement), or (B) three months following the date on which the optionee's Service Relationship terminates if the termination is due to any reason other than death or Disability (or such longer period of time as determined by the Committee and set forth in the applicable Award Agreement), or (ii) the Expiration Date set forth in the Award Agreement; provided that notwithstanding the foregoing, an Award Agreement may provide that if the optionee's Service Relationship is terminated for Cause, the Stock Option shall terminate immediately and be null and void upon the date of the optionee's termination and shall not thereafter be exercisable.

SECTION 6. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. The Committee may, in its sole discretion, grant (or sell at par value or such other purchase price determined by the Committee) to an eligible individual under Section 4 hereof a Restricted Stock Award under the Plan. The Committee shall determine the restrictions and conditions applicable to each Restricted Stock Award at the time of grant. Conditions may be based on continuing employment (or other Service Relationship), achievement of pre-established performance goals and objectives and/or such other criteria as the Committee may determine. Upon the grant of a Restricted Stock Award, the Company and the grantee shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Stockholder. Upon the grant of the Restricted Stock Award and payment of any applicable purchase price, a grantee of Restricted Stock shall be considered the record owner of and shall be entitled to vote the Restricted Stock if, and to the extent, such Shares are entitled to voting rights, subject to such conditions contained in the Award Agreement. The grantee shall be entitled to receive all dividends and any other distributions declared on the Shares; provided, however, that the Company is under no duty to declare any such dividends or to make any such distribution. Unless the Committee shall otherwise determine, certificates evidencing the Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in subsection (d) below of this Section, and the grantee shall be required, as a condition of the grant, to deliver to the Company a stock power endorsed in blank and such other instruments of transfer as the Committee may prescribe.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Award Agreement. Except as may otherwise be provided by the Committee either in the Award Agreement or, subject to Section 12 below, in writing after the Award Agreement is issued, if a grantee's Service Relationship with the Company and any Subsidiary terminates, the Company or its assigns shall have the right, as may be specified in the relevant instrument, to repurchase some or all of the Shares subject to the Award at such purchase price as is set forth in the Award Agreement.

(d) Vesting of Restricted Stock. The Committee at the time of grant shall specify in the Award Agreement the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the substantial risk of forfeiture imposed shall lapse and the Restricted Stock shall become vested, subject to such further rights of the Company or its assigns as may be specified in the Award Agreement.

SECTION 7. UNRESTRICTED STOCK AWARDS

The Committee may, in its sole discretion, grant (or sell at par value or such other purchase price determined by the Committee) to an eligible person under Section 4 hereof an Unrestricted Stock Award under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

SECTION 8. RESTRICTED STOCK UNITS

(a) Nature of Restricted Stock Units. The Committee may, in its sole discretion, grant to an eligible person under Section 4 hereof Restricted Stock Units under the Plan. The Committee shall determine the restrictions and conditions applicable to each Restricted Stock Unit at the time of grant. Vesting conditions may be based on continuing employment (or other Service Relationship), achievement of pre-established performance goals and objectives and/or other such criteria as the Committee may determine. Upon the grant of Restricted Stock Units, the grantee and the Company shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee and may differ among individual Awards and grantees. On or promptly following the vesting date or dates applicable to any Restricted Stock Unit, but in no event later than March 15 of the year following the year in which such vesting occurs, such Restricted Stock Unit(s) shall be settled in the form of cash or shares of Stock, as specified in the Award Agreement. Restricted Stock Units may not be sold, assigned, transferred, pledged, or otherwise encumbered or disposed of.

(b) Rights as a Stockholder. A grantee shall have the rights of a stockholder only as to Shares, if any, acquired upon settlement of Restricted Stock Units. A grantee shall not be deemed to have acquired any such Shares unless and until the Restricted Stock Units shall have been settled in Shares pursuant to the terms of the Plan and the Award Agreement, the Company shall have issued and delivered a certificate representing the Shares to the grantee (or transferred on the records of the Company with respect to uncertificated stock), and the grantee’s name has been entered in the books of the Company as a stockholder.

(c) Termination. Except as may otherwise be provided by the Committee either in the Award Agreement or in writing after the Award Agreement is issued, a grantee’s right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee’s cessation of Service Relationship with the Company and any Subsidiary for any reason.

SECTION 9. TRANSFER RESTRICTIONS; COMPANY RIGHT OF FIRST REFUSAL; COMPANY REPURCHASE RIGHTS

(a) Restrictions on Transfer.

(i) Non-Transferability of Stock Options. Stock Options and, prior to exercise, the Shares issuable upon exercise of such Stock Option, shall not be transferable by the optionee otherwise than by will, or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee, or by the optionee's legal representative or guardian in the event of the optionee's incapacity. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide in the Award Agreement regarding a given Stock Option that the optionee may transfer by gift, without consideration for the transfer, his or her Non-Qualified Stock Options to his or her family members (as defined in Rule 701 of the Securities Act), to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners (to the extent such trusts or partnerships are considered "family members" for purposes of Rule 701 of the Securities Act), provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award Agreement, including the execution of a stock power upon the issuance of Shares. Stock Options, and the Shares issuable upon exercise of such Stock Options, shall be restricted as to any pledge, hypothecation, or other transfer, including any short position, any "put equivalent position" (as defined in the Exchange Act) or any "call equivalent position" (as defined in the Exchange Act) prior to exercise.

(ii) Shares. No Shares shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily or by operation of law, unless (i) the transfer is in compliance with the terms of the applicable Award Agreement, all applicable securities laws (including, without limitation, the Securities Act), and with the terms and conditions of this Section 9, (ii) the transfer does not cause the Company to become subject to the reporting requirements of the Exchange Act, and (iii) the transferee consents in writing to be bound by the provisions of the Plan and the Award Agreement, including this Section 9. In connection with any proposed transfer, the Committee may require the transferor to provide at the transferor's own expense an opinion of counsel to the transferor, satisfactory to the Committee, that such transfer is in compliance with all foreign, federal and state securities laws (including, without limitation, the Securities Act). Any attempted transfer of Shares not in accordance with the terms and conditions of this Section 9 shall be null and void, and the Company shall not reflect on its records any change in record ownership of any Shares as a result of any such transfer, shall otherwise refuse to recognize any such transfer and shall not in any way give effect to any such transfer of Shares. The Company shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity including, without limitation, seeking specific performance or the rescission of any transfer not made in strict compliance with the provisions of this Section 9. Subject to the foregoing general provisions, and unless otherwise provided in the applicable Award Agreement, Shares may be transferred pursuant to the following specific terms and conditions (provided that with respect to any transfer of Restricted Stock, all vesting and forfeiture provisions shall continue to apply with respect to the original recipient):

(A) Transfers to Permitted Transferees. The Holder may transfer any or all of the Shares to one or more Permitted Transferees; *provided*, *however*, that following such transfer, such Shares shall continue to be subject to the terms of this Plan (including this Section 9) and such Permitted Transferee(s) shall, as a condition to any such transfer, deliver a written acknowledgment to that effect to the Company and shall deliver a stock power to the Company with respect to the Shares. Notwithstanding the foregoing, the Holder may not transfer any of the Shares to a Person whom the Company reasonably determines is a direct competitor or a potential competitor of the Company or any of its Subsidiaries.

(B) Transfers Upon Death. Upon the death of the Holder, any Shares then held by the Holder at the time of such death and any Shares acquired after the Holder's death by the Holder's legal representative shall be subject to the provisions of this Plan, and the Holder's estate, executors, administrators, personal representatives, heirs, legatees and distributees shall be obligated to convey such Shares to the Company or its assigns under the terms contemplated by the Plan and the Award Agreement.

(b) Right of First Refusal. In the event that a Holder desires at any time to sell or otherwise transfer all or any part of his or her Shares (other than shares of Restricted Stock which by their terms are not transferrable), the Holder first shall give written notice to the Company of the Holder's intention to make such transfer. Such notice shall state the number of Shares that the Holder proposes to sell (the "Offered Shares"), the price and the terms at which the proposed sale is to be made and the name and address of the proposed transferee. At any time within 30 days after the receipt of such notice by the Company, the Company or its assigns may elect to purchase all or any portion of the Offered Shares at the price and on the terms offered by the proposed transferee and specified in the notice. The Company or its assigns shall exercise this right by mailing or delivering written notice to the Holder within the foregoing 30-day period. If the Company or its assigns elect to exercise its purchase rights under this Section 9(b), the closing for such purchase shall, in any event, take place within 45 days after the receipt by the Company of the initial notice from the Holder. In the event that the Company or its assigns do not elect to exercise such purchase right, or in the event that the Company or its assigns do not pay the full purchase price within such 45-day period, the Holder shall be required to pay a transaction processing fee of $10,000 to the Company (unless waived by the Committee) and then may, within 60 days thereafter, sell the Offered Shares to the proposed transferee and at the same price and on the same terms as specified in the Holder's notice. Any Shares not sold to the proposed transferee shall remain subject to the Plan. If the Holder is a party to any stockholders agreements or other agreements with the Company and/or certain other of the Company's stockholders relating to the Shares, (i) the transferring Holder shall comply with the requirements of such stockholders agreements or other agreements relating to any proposed transfer of the Offered Shares, and (ii) any proposed transferee that purchases Offered Shares shall enter into such stockholders agreements or other agreements with the Company and/or certain of the Company's stockholders relating to the Offered Shares on the same terms and in the same capacity as the transferring Holder.

(c) Company's Right of Repurchase.

(i) Right of Repurchase for Unvested Shares Issued Upon the Exercise of an Option. Upon a Termination Event, the Company or its assigns shall have the right and option to repurchase from a Holder of Shares acquired upon exercise of a Stock Option which are still subject to a risk of forfeiture as of the Termination Event. Such repurchase rights may be exercised by the Company within the later of (A) six months following the date of such Termination Event or (B) seven months after the acquisition of Shares upon exercise of a Stock Option. The repurchase price shall be equal to the lower of the original per share price paid by the Holder, subject to adjustment as provided in Section 3(b) of the Plan, or the current Fair Market Value of such Shares as of the date the Company elects to exercise its repurchase rights.

(ii) Right of Repurchase With Respect to Restricted Stock. Upon a Termination Event, the Company or its assigns shall have the right and option to repurchase from a Holder of Shares received pursuant to a Restricted Stock Award any Shares that are still subject to a risk of forfeiture as of the Termination Event. Such repurchase right may be exercised by the Company within six months following the date of such Termination Event. The repurchase price shall be the lower of the original per share purchase price paid by the Holder, subject to adjustment as provided in Section 3(b) of the Plan, or the current Fair Market Value of such Shares as of the date the Company elects to exercise its repurchase rights.

(iii) Procedure. Any repurchase right of the Company shall be exercised by the Company or its assigns by giving the Holder written notice on or before the last day of the repurchase period of its intention to exercise such repurchase right. Upon such notification, the Holder shall promptly surrender to the Company, free and clear of any liens or encumbrances, any certificates representing the Shares being purchased, together with a duly executed stock power for the transfer of such Shares to the Company or the Company's assignee or assignees. Upon the Company's or its assignee's receipt of the certificates from the Holder, the Company or its assignee or assignees shall deliver to him, her or them a check for the applicable repurchase price; *provided, however*, that the Company may pay the repurchase price by offsetting and canceling any indebtedness then owed by the Holder to the Company.

(d) Escrow Arrangement.

(i) Escrow. In order to carry out the provisions of this Section 9 of this Plan more effectively, the Company shall hold any Shares issued pursuant to Awards granted under the Plan in escrow together with separate stock powers executed by the Holder in blank for transfer. The Company shall not dispose of the Shares except as otherwise provided in this Plan. In the event of any repurchase by the Company (or any of its assigns), the Company is hereby authorized by the Holder, as the Holder's attorney-in-fact, to date and complete the stock powers necessary for the transfer of the Shares being purchased and to transfer such Shares in accordance with the terms hereof. At such time as any Shares are no longer subject to the Company's repurchase and first refusal rights, the Company shall, at the written request of the Holder, deliver to the Holder a certificate representing such Shares with the balance of the Shares to be held in escrow pursuant to this Section.

(ii) Remedy. Without limitation of any other provision of this Plan or other rights, in the event that a Holder or any other Person is required to sell a Holder's Shares pursuant to the provisions of Sections 9(b) or (c) hereof and in the further event that he or she refuses or for any reason fails to deliver to the Company or its designated purchaser of such Shares the certificate or certificates evidencing such Shares together with a related stock power, the Company or such designated purchaser may deposit the applicable purchase price for such Shares with a bank designated by the Company, or with the Company's independent public accounting firm, as agent or trustee, or in escrow, for such Holder or other Person, to be held by such bank or accounting firm for the benefit of and for delivery to him, her, them or it, and/or, in its discretion, pay such purchase

price by offsetting any indebtedness then owed by such Holder as provided above. Upon any such deposit and/or offset by the Company or its designated purchaser of such amount and upon notice to the Person who was required to sell the Shares to be sold pursuant to the provisions of Sections 9(b) or (c), such Shares shall at such time be deemed to have been sold, assigned, transferred and conveyed to such purchaser, such Holder shall have no further rights thereto (other than the right to withdraw the payment thereof held in escrow, if applicable), and the Company shall record such transfer in its stock transfer book or in any appropriate manner.

(e) Lockup Provision. If requested by the Company, a Holder shall not sell or otherwise transfer or dispose of any Shares (including, without limitation, pursuant to Rule 144 under the Securities Act) held by him or her for such period following the consummation of, or the effective date of a registration statement pertaining to, a public offering by the Company of Shares as the Company shall specify reasonably and in good faith. If requested by the underwriter engaged by the Company, each Holder shall execute a separate letter confirming his or her agreement to comply with this Section.

(f) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding Shares are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Section 9 shall apply with equal force to additional and/or substitute securities, if any, received by Holder in exchange for, or by virtue of his or her ownership of, Shares.

(g) Termination. The terms and provisions of Section 9(b) and (c) (except for the Company's right to repurchase Shares still subject to a risk of forfeiture upon a Termination Event) shall terminate upon the closing of the Company's Initial Public Offering or upon consummation of any Sale Event, in either case as a result of which Shares are registered under Section 12 of the Exchange Act and publicly-traded on any national security exchange.

SECTION 10. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Shares or other amounts received thereunder first becomes includable in the gross income of the grantee for income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and any Subsidiary shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver stock certificates (or evidence of book entry) to any grantee is subject to and conditioned on any such tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. The Company's minimum required tax withholding obligation may be satisfied, in whole or in part, by the Company withholding from Shares to be issued pursuant to an Award a number of Shares having an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the minimum withholding amount due.

SECTION 11. SECTION 409A AWARDS.

To the extent that any Award is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A (a "409A Award"), the Award shall be subject to such additional rules and requirements as may be specified by the Committee from time to time. In this regard, if any amount under a 409A Award is payable upon a "separation from service" (within the meaning of Section 409A) to a grantee who is considered a "specified employee" (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the grantee's separation from service, or (ii) the grantee's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. The Company makes no representation or warranty and shall have no liability to any grantee under the Plan or any other Person with respect to any penalties or taxes under Section 409A that are, or may be, imposed with respect to any Award.

SECTION 12. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Committee may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the consent of the holder of the Award. The Committee may exercise its discretion to reduce the exercise price of outstanding Stock Options or effect repricing through cancellation of outstanding Stock Options and by granting such holders new Awards in replacement of the cancelled Stock Options. To the extent determined by the Committee to be required either by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code or otherwise, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 12 shall limit the Board's or Committee's authority to take any action permitted pursuant to Section 3(c). The Board reserves the right to amend the Plan and/or the terms of any outstanding Stock Options to the extent reasonably necessary to comply with the requirements of the exemption pursuant to paragraph (f)(4) of Rule 12h-1 of the Exchange Act.

SECTION 13. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Committee shall otherwise expressly so determine in connection with any Award.

SECTION 14. GENERAL PROVISIONS

(a) No Distribution; Compliance with Legal Requirements. The Committee may require each person acquiring Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to distribution thereof. No Shares shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Committee may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Delivery of Stock Certificates. Stock certificates to grantees under the Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company; provided that stock certificates to be held in escrow pursuant to Section 9 of the Plan shall be deemed delivered when the Company shall have recorded the issuance in its records. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records).

(c) No Employment Rights**.** The adoption of the Plan and the grant of Awards do not confer upon any Person any right to continued employment or Service Relationship with the Company or any Subsidiary.

(d) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policy-related restrictions, terms and conditions as may be established by the Committee, or in accordance with policies set by the Committee, from time to time.

(e) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award on or after the grantee's death or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

(f) Legend. Any certificate(s) representing the Shares shall carry substantially the following legend (and with respect to uncertificated Stock, the book entries evidencing such shares shall contain the following notation):

> The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms and conditions (including repurchase and restrictions against transfers) contained in the Alector, Inc. 2017 Stock Option and Grant Plan and any agreements entered into thereunder by and between the company and the holder of this certificate (a copy of which is available at the offices of the company for examination).

(g) Information to Holders of Options. In the event the Company is relying on the exemption from the registration requirements of Section 12(g) of the Exchange Act contained in paragraph (f)(1) of Rule 12h-1 of the Exchange Act, the Company shall provide the information described in Rule 701(e)(3), (4) and (5) of the Securities Act to all holders of Options in accordance with the requirements thereunder. The foregoing notwithstanding, the Company shall not be required to provide such information unless the optionholder has agreed in writing, on a form prescribed by the Company, to keep such information confidential.

SECTION 15. EFFECTIVE DATE OF PLAN

The Plan shall become effective upon adoption by the Board and shall be approved by stockholders in accordance with applicable state law and the Company's certificate of incorporation and bylaws within 12 months thereafter. If the stockholders fail to approve the Plan within 12 months after its adoption by the Board of Directors, then any Awards granted or sold under the Plan shall be rescinded and no additional grants or sales shall thereafter be made under the Plan. Subject to such approval by stockholders and to the requirement that no Shares may be issued hereunder prior to such approval, Stock Options and other Awards may be granted hereunder on and after adoption of the Plan by the Board. No grants of Stock Options and other Awards may be made hereunder after the tenth anniversary of the date the Plan is adopted by the Board or the date the Plan is approved by the Company's stockholders, whichever is earlier.

SECTION 16. GOVERNING LAW

This Plan, all Awards and any controversy arising out of or relating to this Plan and all Awards shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

DATE ORIGINALLY ADOPTED BY THE BOARD OF DIRECTORS:	October 11, 2017
DATE ORIGINALLY APPROVED BY THE STOCKHOLDERS:	October 13, 2017
DATE AMENDMENT APPROVED BY THE BOARD OF DIRECTORS:	August 15, 2018

INCENTIVE STOCK OPTION GRANT NOTICE
UNDER THE ALECTOR, INC.
2017 STOCK OPTION AND GRANT PLAN

Pursuant to the Alector, Inc. 2017 Stock Option and Grant Plan (the "**Plan**"), Alector, Inc., a Delaware corporation (together with any successor, the "**Company**"), has granted to the individual named below, an option (the "**Stock Option**") to purchase on or prior to the Expiration Date, or such earlier date as is specified herein, all or any part of the number of shares of Common Stock, par value $0.0001 per share ("**Common Stock**"), of the Company indicated below (the "**Shares**"), at the Option Exercise Price per share, subject to the terms and conditions set forth in this Incentive Stock Option Grant Notice (the "**Grant Notice**"), the attached Incentive Stock Option Agreement (the "**Agreement**") and the Plan. This Stock Option is intended to qualify as an "incentive stock option" as defined in Section 422(b) of the Internal Revenue Code of 1986, as amended from time to time (the "**Code**"). To the extent that any portion of the Stock Option does not so qualify, it shall be deemed a non qualified stock option.

Name of Optionee: _____ (the "**Optionee**")

No. of Shares: _____ Shares of Common Stock

Grant Date: _____

Vesting Commencement Date: _____ (the "**Vesting Commencement Date**")

Expiration Date: _____ (the "**Expiration Date**")

Option Exercise Price/Share: $_____ (the "**Option Exercise Price**")

Vesting Schedule: 25 percent of the Shares shall vest and become exercisable on the first anniversary of the Vesting Commencement Date; provided that the Optionee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining 75 percent of the Shares shall vest and become exercisable in 36 equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Optionee continues to have a Service Relationship with the Company on each vesting date. Notwithstanding anything in the Agreement to the contrary, in the case of a Sale Event, this Stock Option and the Shares shall be treated as provided in Section 3(c) of the Plan.

Attachments: Incentive Stock Option Agreement, 2017 Stock Option and Grant Plan

INCENTIVE STOCK OPTION AGREEMENT
UNDER THE ALECTOR, INC.
2017 STOCK OPTION AND GRANT PLAN

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

1. Vesting, Exercisability and Termination.

(a) No portion of this Stock Option may be exercised until such portion shall have vested and become exercisable.

(b) Except as set forth below, and subject to the determination of the Committee in its sole discretion to accelerate the vesting schedule hereunder, this Stock Option shall be vested and exercisable on the respective dates indicated below:

(i) This Stock Option shall initially be unvested and unexercisable.

(ii) This Stock Option shall vest and become exercisable in accordance with the Vesting Schedule set forth in the Grant Notice.

(c) Termination. Except as may otherwise be provided by the Committee, if the Optionee's Service Relationship is terminated, the period within which to exercise this Stock Option will be subject to earlier termination as set forth below (and if not exercised within such period, shall thereafter terminate subject, in each case, to Section 3(c) of the Plan):

(i) Termination Due to Death or Disability. If the Optionee's Service Relationship terminates by reason of such Optionee's death or Disability, this Stock Option may be exercised, to the extent exercisable on the date of such termination, by the Optionee, the Optionee's legal representative or legatee for a period of 12 months from the date of death or Disability or until the Expiration Date, if earlier.

(ii) Other Termination. If the Optionee's Service Relationship terminates for any reason other than death or Disability, and unless otherwise determined by the Committee, this Stock Option may be exercised, to the extent exercisable on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier; provided however, if the Optionee's Service Relationship is terminated for Cause, this Stock Option shall terminate immediately upon the date of such termination.

For purposes hereof, the Committee's determination of the reason for termination of the Optionee's Service Relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees. Any portion of this Stock Option that is not vested and exercisable on the date of termination of the Service Relationship shall terminate immediately and be null and void.

(d) It is understood and intended that this Stock Option is intended to qualify as an "incentive stock option" as defined in Section 422 of the Code to the extent permitted under applicable law. Accordingly, the Optionee understands that in order to obtain the benefits of an incentive stock option under Section 422 of the Code, no sale or other disposition may be made of Shares for which incentive stock option treatment is desired within the one year period beginning on the day after the day of the transfer of such Shares to him or her, nor within the two year period beginning on the day after Grant Date of this Stock Option and further that this Stock Option must be exercised within three months after termination of employment as an employee (or 12 months in the case of death or disability) to qualify as an incentive stock option. If the Optionee disposes (whether by sale, gift, transfer or otherwise) of any such Shares within either of these periods, he or she will notify the Company within 30 days after such disposition. The Optionee also agrees to provide the Company with any information concerning any such dispositions required by the Company for tax purposes. Further, to the extent this Stock Option and any other incentive stock options of the Optionee having an aggregate Fair Market Value in excess of $100,000 (determined as of the Grant Date) first become exercisable in any year, such options will not qualify as incentive stock options.

2. Exercise of Stock Option.

(a) The Optionee may exercise this Stock Option only in the following manner: Prior to the Expiration Date, the Optionee may deliver a Stock Option exercise notice (an "**Exercise Notice**") in the form of Appendix A hereto indicating his or her election to purchase some or all of the Shares with respect to which this Stock Option is then exercisable. Such notice shall specify the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the methods described in Section 5 of the Plan, subject to the limitations contained in such Section of the Plan, including the requirement that the Committee specifically approve in advance certain payment methods.

(b) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date.

3. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan.

4. Transferability of Stock Option. This Stock Option is personal to the Optionee and is not transferable by the Optionee in any manner other than by will or by the laws of descent and distribution. The Stock Option may be exercised during the Optionee's lifetime only by the Optionee (or by the Optionee's guardian or personal representative in the event of the Optionee's incapacity). The Optionee may elect to designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company; such beneficiary may exercise the Optionee's Stock Option in the event of the Optionee's death to the extent provided herein. If the Optionee does not designate a beneficiary, or if the designated beneficiary predeceases the Optionee, the legal representative of the Optionee may exercise this Stock Option to the extent provided herein in the event of the Optionee's death.

5. Restrictions on Transfer of Shares. The Shares acquired upon exercise of the Stock Option shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan.

6. Miscellaneous Provisions.

(a) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(b) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reincorporation, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, this Stock Option or Shares acquired pursuant thereto.

(c) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Optionee.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

(e) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(f) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(g) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Optionee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(i) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(j) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

7. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or this Stock Option, this Agreement, or the breach, termination or validity of the Plan, this Stock Option or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "**J.A.M.S. Rules**"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1 16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be San Francisco, California.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Optionee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "**Party**") covenants and agrees that such party will participate in the arbitration in good faith. This Section 7 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called

upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

8. Waiver of Statutory Information Rights. The Optionee understands and agrees that, but for the waiver made herein, the Optionee would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of Delaware (any and all such rights, and any and all such other rights of the Optionee as may be provided for in Section 220, the "**Inspection Rights**"). In light of the foregoing, until the first sale of Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, the Optionee hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of the Optionee under any other written agreement between the Optionee and the Company.

9. Stockholders' Agreements. The Grantee understands and agrees as a condition to the Grantee's receipt of the Shares, the Grantee is required to execute adoption agreements (substantially in the forms attached hereto as Exhibits A and B) to that certain Voting Agreement, dated October 13, 2017, by and among the Company and the stockholders listed as parties thereto, as the same may be amended and/or restated from time to time (the "**Voting Agreement**") and that certain Right of First Refusal and Co-Sale Agreement, dated October 13, 2017, by and among the Company and the stockholders listed as parties thereto, as the same may be amended and/or restated from time to time (the "**ROFR Agreement**"), as a Key Holder (as such term is defined in the Voting Agreement or the ROFR Agreement, as the case may be), and the Grantee will thereby be bound by, and subject to, all terms and provisions of the Voting Agreement and the ROFR Agreement applicable to a Key Holder thereunder.

[SIGNATURE PAGE FOLLOWS]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the date first above written.

ALECTOR, INC.

By: _____
Name:
Title:

Address:

_____

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that this Stock Option is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Grant Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 7 AND THE WAIVER OF STATUTORY INFORMATION RIGHTS SET FORTH IN SECTION 8 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

OPTIONEE:

By: _____
Name:
Title:

Address:

_____

_____

_____

SPOUSE'S CONSENT

I acknowledge that I have read the foregoing Incentive Stock Option Agreement and understand the contents thereof.

DESIGNATED BENEFICIARY:

_____

Beneficiary's Address:

_____

_____

_____

Appendix A

STOCK OPTION EXERCISE NOTICE

Alector, Inc.

Attention: [_____]

_____

_____

Pursuant to the terms of the grant notice and stock option agreement between the undersigned and Alector, Inc. (the "**Company**") dated _____ (the "**Agreement**") under the Alector, Inc. 2017 Stock Option and Grant Plan, I, [Insert Name] _____, hereby [Circle One] partially/fully exercise such option by including herein payment in the amount of $_____ representing the purchase price for [Fill in number of Shares] _____ Shares. I have chosen the following form(s) of payment:

☐ 1. Cash

☐ 2. Certified or bank check payable to Alector, Inc.

☐ 3. Other (as referenced in the Agreement and described in the Plan (please describe))_____ _____.

In connection with my exercise of the option as set forth above, I hereby represent and warrant to the Company as follows:

(i) I am purchasing the Shares for my own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) I have had such an opportunity as I have deemed adequate to obtain from the Company such information as is necessary to permit me to evaluate the merits and risks of my investment in the Company and have consulted with my own advisers with respect to my investment in the Company.

(iii) I have sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) I can afford a complete loss of the value of the Shares and am able to bear the economic risk of holding such Shares for an indefinite period of time.

(v) I understand that the Shares may not be registered under the Securities Act of 1933 (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "blue sky" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Securities Act of 1933 and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirement thereof). I further acknowledge that certificates representing Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) I have read and understand the Plan and acknowledge and agree that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(vii) I understand and agree that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(viii) I understand and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(ix) I understand and agree that I may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

(x) I understand and agree to the waiver of statutory information rights as set forth in Section 8 of the Agreement.

Sincerely yours,

_____

Name:

Address:

_____

_____

_____

Date: _____

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("**Adoption Agreement**") is executed on _____, 20__, by the undersigned (the "**Holder**") pursuant to the terms of that certain Voting Agreement of Alector, Inc. (the "**Company**") dated as of October 13, 2017 (the "**Agreement**"), by and among the Company and certain of its Stockholders, as such Agreement may be amended or amended and restated hereafter. Capitalized terms used but not defined in this Adoption Agreement shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Adoption Agreement, the Holder agrees as follows.

1.1 Acknowledgement. Holder acknowledges that Holder is acquiring certain shares of the capital stock of the Company (the "**Stock**"), for one of the following reasons (Check the correct box):

☐ As a transferee of Shares from a party in such party's capacity as an "**Investor**" bound by the Agreement, and after such transfer, Holder shall be considered an "**Investor**" and a "**Stockholder**" for all purposes of the Agreement.

☐ As a transferee of Shares from a party in such party's capacity as a "**Key Holder**" bound by the Agreement, and after such transfer, Holder shall be considered a "**Key Holder**" and a "**Stockholder**" for all purposes of the Agreement.

☐ As a new Investor in accordance with Subsection 7.1(a) of the Agreement, in which case Holder will be an "**Investor**" and a "**Stockholder**" for all purposes of the Agreement.

☐ In accordance with Subsection 7.1(b) of the Agreement, as a new party who is not a new Investor, in which case Holder will be a "**Stockholder**" for all purposes of the Agreement.

1.2 Agreement. Holder hereby (a) agrees that the Stock, and any other shares of capital stock or securities required by the Agreement to be bound thereby, shall be bound by and subject to the terms of the Agreement and (b) adopts the Agreement with the same force and effect as if Holder were originally a party thereto.

1.3 Notice. Any notice required or permitted by the Agreement shall be given to Holder at the address or facsimile number listed below Holder's signature hereto.

HOLDER:

By: _____
Name and Title of Signatory

Address: _____

_____

Facsimile Number: _____

ACCEPTED AND AGREED:

ALECTOR, INC.

By: _____
_____

_____
_____

Title: _____
_____

EXHIBIT B

ROFR AND CO-SALE AGREEMENT ADOPTION AGREEMENT

This Adoption Agreement ("**Adoption Agreement**") is executed on _____, 20__, by the undersigned (the "**Holder**") pursuant to the terms of that certain Right of First Refusal and Co-Sale Agreement dated as of October 13, 2017 (the "**Agreement**"), by and among the Company and certain parties listed therein as Investors and Key Holders, as such Agreement may be amended or amended and restated hereafter. Capitalized terms used but not defined in this Adoption Agreement shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Adoption Agreement, the Holder agrees as follows.

1.1 Acknowledgement. Holder acknowledges that Holder is acquiring certain shares of the capital stock of the Company (the "**Stock**") in accordance with Section 6.14 of the Agreement, as a new party who is not a new Investor, in which case Holder will be a "Key Holder" for all purposes of the Agreement.

1.2 Agreement. Holder hereby (a) agrees that the Stock, and any other shares of capital stock or securities required by the Agreement to be bound thereby, shall be bound by and subject to the terms of the Agreement and (b) adopts the Agreement with the same force and effect as if Holder were originally a party thereto as a Key Holder.

1.3 Notice. Any notice required or permitted by the Agreement shall be given to Holder at the address or facsimile number listed below Holder's signature hereto.

HOLDER:

By: _____
Name and Title of Signatory

Address: _____

_____

Facsimile Number: _____

ACCEPTED AND AGREED:

ALECTOR, INC.

By: _____
_____

_____
_____

Title: _____
_____

NON-QUALIFIED STOCK OPTION GRANT NOTICE
UNDER THE ALECTOR, INC.
STOCK OPTION AND GRANT PLAN

Pursuant to the Alector, Inc. 2017 Stock Option and Grant Plan (the "**Plan**"), Alector, Inc., a Delaware corporation (together with any successor, the "**Company**"), has granted to the individual named below, an option (the "**Stock Option**") to purchase on or prior to the Expiration Date, or such earlier date as is specified herein, all or any part of the number of shares of Common Stock, par value $0.0001 per share ("**Common Stock**"), of the Company indicated below (the "**Shares**"), at the Option Exercise Price per share, subject to the terms and conditions set forth in this Non-Qualified Stock Option Grant Notice (the "**Grant Notice**"), the attached Non-Qualified Stock Option Agreement (the "**Agreement**") and the Plan. This Stock Option is not intended to qualify as an "incentive stock option" as defined in Section 422(b) of the Internal Revenue Code of 1986, as amended from time to time (the "**Code**").

Name of Optionee: _____ (the "**Optionee**")

No. of Shares: _____ Shares of Common Stock

Grant Date: _____

Vesting Commencement Date: _____ (the "**Vesting Commencement Date**")

Expiration Date: _____ (the "**Expiration Date**")

Option Exercise Price/Share: $_____ (the "**Option Exercise Price**")

Vesting Schedule: 25 percent of the Shares shall vest and become exercisable on the first anniversary of the Vesting Commencement Date; provided that the Optionee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining 75 percent of the Shares shall vest and become exercisable in 36 equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Optionee continues to have a Service Relationship with the Company on each vesting date. Notwithstanding anything in the Agreement to the contrary, in the case of a Sale Event, this Stock Option and the Shares shall be treated as provided in Section 3(c) of the Plan.

Attachments: Non-Qualified Stock Option Agreement, 2017 Stock Option and Grant Plan

NON-QUALIFIED STOCK OPTION AGREEMENT
UNDER THE ALECTOR, INC.
STOCK OPTION AND GRANT PLAN

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

1. Vesting, Exercisability and Termination.

(a) No portion of this Stock Option may be exercised until such portion shall have vested and become exercisable.

(b) Except as set forth below, and subject to the determination of the Committee in its sole discretion to accelerate the vesting schedule hereunder, this Stock Option shall be vested and exercisable on the respective dates indicated below:

(i) This Stock Option shall initially be unvested and unexercisable.

(ii) This Stock Option shall vest and become exercisable in accordance with the Vesting Schedule set forth in the Grant Notice.

(c) Termination. Except as may otherwise be provided by the Committee, if the Optionee's Service Relationship is terminated, the period within which to exercise this Stock Option will be subject to earlier termination as set forth below (and if not exercised within such period, shall thereafter terminate subject, in each case, to Section 3(c) of the Plan):

(i) Termination Due to Death or Disability. If the Optionee's Service Relationship terminates by reason of such Optionee's death or Disability, this Stock Option may be exercised, to the extent exercisable on the date of such termination, by the Optionee, the Optionee's legal representative or legatee for a period of 12 months from the date of death or Disability or until the Expiration Date, if earlier.

(ii) Other Termination. If the Optionee's Service Relationship terminates for any reason other than death or Disability, and unless otherwise determined by the Committee, this Stock Option may be exercised, to the extent exercisable on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier; provided however, if the Optionee's Service Relationship is terminated for Cause, this Stock Option shall terminate immediately upon the date of such termination.

For purposes hereof, the Committee's determination of the reason for termination of the Optionee's Service Relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees and any Permitted Transferee. Any portion of this Stock Option that is not vested and exercisable on the date of termination of the Service Relationship shall terminate immediately and be null and void.

2. Exercise of Stock Option.

(a) The Optionee may exercise this Stock Option only in the following manner: Prior to the Expiration Date, the Optionee may deliver a Stock Option exercise notice (an "**Exercise Notice**") in the form of Appendix A hereto indicating his or her election to purchase some or all of the Shares with respect to which this Stock Option is then exercisable. Such notice shall specify the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the methods described in Section 5 of the Plan, subject to the limitations contained in such Section of the Plan, including the requirement that the Committee specifically approve in advance certain payment methods.

(b) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date.

3. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan.

4. Transferability of Stock Option. This Stock Option is personal to the Optionee and is not transferable by the Optionee in any manner other than by will or by the laws of descent and distribution. The Stock Option may be exercised during the Optionee's lifetime only by the Optionee (or by the Optionee's guardian or personal representative in the event of the Optionee's incapacity). The Optionee may elect to designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company; such beneficiary may exercise the Optionee's Stock Option in the event of the Optionee's death to the extent provided herein. If the Optionee does not designate a beneficiary, or if the designated beneficiary predeceases the Optionee, the legal representative of the Optionee may exercise this Stock Option to the extent provided herein in the event of the Optionee's death.

5. Restrictions on Transfer of Shares. The Shares acquired upon exercise of the Stock Option shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan.

6. Miscellaneous Provisions.

(a) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(b) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reincorporation, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, this Stock Option or Shares acquired pursuant thereto.

(c) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Optionee.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflict of law principles that would result in the application of any law other than the law of the State of California.

(e) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(f) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(g) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Optionee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(i) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(j) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter.

7. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or this Stock Option, this Agreement, or the breach, termination or validity of the Plan, this Stock Option or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "**J.A.M.S. Rules**"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be [San Francisco, California].

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Optionee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "**Party**") covenants and agrees that such party will participate in the arbitration in good faith. This Section 7 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

8. Waiver of Statutory Information Rights. The Optionee understands and agrees that, but for the waiver made herein, the Optionee would be entitled, upon written demand under oath stating the purpose thereof, to inspect for any proper purpose, and to make copies and extracts from, the Company's stock ledger, a list of its stockholders, and its other books and records, and the books and records of subsidiaries of the Company, if any, under the circumstances and in the manner provided in Section 220 of the General Corporation Law of Delaware (any and all such rights, and

any and all such other rights of the Optionee as may be provided for in Section 220, the "**Inspection Rights**"). In light of the foregoing, until the first sale of Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act, the Optionee hereby unconditionally and irrevocably waives the Inspection Rights, whether such Inspection Rights would be exercised or pursued directly or indirectly pursuant to Section 220 or otherwise, and covenants and agrees never to directly or indirectly commence, voluntarily aid in any way, prosecute, assign, transfer, or cause to be commenced any claim, action, cause of action, or other proceeding to pursue or exercise the Inspection Rights. The foregoing waiver shall not affect any rights of a director, in his or her capacity as such, under Section 220. The foregoing waiver shall not apply to any contractual inspection rights of the Optionee under any other written agreement between the Optionee and the Company.

9. Stockholders' Agreements. The Grantee understands and agrees as a condition to the Grantee's receipt of the Shares, the Grantee is required to execute adoption agreements (substantially in the forms attached hereto as Exhibits A and B) to that certain Voting Agreement, dated October 13, 2017, by and among the Company and the stockholders listed as parties thereto, as the same may be amended and/or restated from time to time (the "**Voting Agreement**") and that certain Right of First Refusal and Co-Sale Agreement, dated October 13, 2017, by and among the Company and the stockholders listed as parties thereto, as the same may be amended and/or restated from time to time (the "**ROFR Agreement**"), as a Key Holder (as such term is defined in the Voting Agreement or the ROFR Agreement, as the case may be), and the Grantee will thereby be bound by, and subject to, all terms and provisions of the Voting Agreement and the ROFR Agreement applicable to a Key Holder thereunder.

[SIGNATURE PAGE FOLLOWS]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the date first above written.

ALECTOR, INC.

By: _____
Name:
Title:

Address:

_____

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that this Stock Option is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Grant Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 7 AND THE WAIVER OF STATUTORY INFORMATION RIGHTS SET FORTH IN SECTION 8 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

OPTIONEE:

_____
Name:

Address:

_____

_____

_____

SPOUSE'S CONSENT

I acknowledge that I have read the
foregoing Non-Qualified Stock Option Agreement
and understand the contents thereof.

_____

DESIGNATED BENEFICIARY:

Beneficiary's Address:

_____

_____

_____

Appendix A

STOCK OPTION EXERCISE NOTICE

Alector, Inc.

Attention: [_____]

_____

_____

Pursuant to the terms of the grant notice and stock option agreement between the undersigned and Alector, Inc. (the "**Company**") dated _____ (the "**Agreement**") under the Alector, Inc. 2017 Stock Option and Grant Plan, I, [Insert Name] _____, hereby [Circle One] partially/fully exercise such option by including herein payment in the amount of $_____ representing the purchase price for [Fill in number of Shares] _____ Shares. I have chosen the following form(s) of payment:

☐ 1. Cash

☐ 2. Certified or bank check payable to Alector, Inc.

☐ 3. Other (as referenced in the Agreement and described in the Plan (please describe)) _____.

In connection with my exercise of the option as set forth above, I hereby represent and warrant to the Company as follows:

(i) I am purchasing the Shares for my own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) I have had such an opportunity as I have deemed adequate to obtain from the Company such information as is necessary to permit me to evaluate the merits and risks of my investment in the Company and have consulted with my own advisers with respect to my investment in the Company.

(iii) I have sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) I can afford a complete loss of the value of the Shares and am able to bear the economic risk of holding such Shares for an indefinite period of time.

(v) I understand that the Shares may not be registered under the Securities Act of 1933 (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "**blue sky**" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Securities Act of 1933 and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirement thereof). I further acknowledge that certificates representing Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) I have read and understand the Plan and acknowledge and agree that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(vii) I understand and agree that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(viii) I understand and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(ix) I understand and agree that I may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

(x) I understand and agree to the waiver of statutory information rights as set forth in Section 8 of the Agreement.

Sincerely yours,

_____

Name:

Address:

_____

_____

_____

Date: _____

EXHIBIT A

ADOPTION AGREEMENT

This Adoption Agreement ("**Adoption Agreement**") is executed on _____, 20____, by the undersigned (the "**Holder**") pursuant to the terms of that certain Voting Agreement of Alector, Inc. (the "**Company**") dated as of October 13, 2017 (the "**Agreement**"), by and among the Company and certain of its Stockholders, as such Agreement may be amended or amended and restated hereafter. Capitalized terms used but not defined in this Adoption Agreement shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Adoption Agreement, the Holder agrees as follows.

1.1 Acknowledgement. Holder acknowledges that Holder is acquiring certain shares of the capital stock of the Company (the "**Stock**"), for one of the following reasons (Check the correct box):

☐ As a transferee of Shares from a party in such party's capacity as an "Investor" bound by the Agreement, and after such transfer, Holder shall be considered an "Investor" and a "Stockholder" for all purposes of the Agreement.

☐ As a transferee of Shares from a party in such party's capacity as a "Key Holder" bound by the Agreement, and after such transfer, Holder shall be considered a "Key Holder" and a "Stockholder" for all purposes of the Agreement.

☐ As a new Investor in accordance with Subsection 7.1(a) of the Agreement, in which case Holder will be an "Investor" and a "Stockholder" for all purposes of the Agreement.

☐ In accordance with Subsection 7.1(b) of the Agreement, as a new party who is not a new Investor, in which case Holder will be a "Stockholder" for all purposes of the Agreement.

1.2 Agreement. Holder hereby (a) agrees that the Stock, and any other shares of capital stock or securities required by the Agreement to be bound thereby, shall be bound by and subject to the terms of the Agreement and (b) adopts the Agreement with the same force and effect as if Holder were originally a party thereto.

1.3 Notice. Any notice required or permitted by the Agreement shall be given to Holder at the address or facsimile number listed below Holder's signature hereto.

HOLDER:_____

By:_____
Name and Title of Signatory

Address:_____

_____

Facsimile Number:_____

ACCEPTED AND AGREED:

ALECTOR, INC.

By:_____

Title:_____

EXHIBIT B

ROFR AND CO-SALE AGREEMENT ADOPTION AGREEMENT

This Adoption Agreement ("**Adoption Agreement**") is executed on _____, 20___, by the undersigned (the "**Holder**") pursuant to the terms of that certain Right of First Refusal and Co-Sale Agreement dated as of October 13, 2017 (the "**Agreement**"), by and among the Company and certain parties listed therein as Investors and Key Holders, as such Agreement may be amended or amended and restated hereafter. Capitalized terms used but not defined in this Adoption Agreement shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Adoption Agreement, the Holder agrees as follows.

1.1 Acknowledgement. Holder acknowledges that Holder is acquiring certain shares of the capital stock of the Company (the "Stock") in accordance with Section 6.14 of the Agreement, as a new party who is not a new Investor, in which case Holder will be a "Key Holder" for all purposes of the Agreement.

1.2 Agreement. Holder hereby (a) agrees that the Stock, and any other shares of capital stock or securities required by the Agreement to be bound thereby, shall be bound by and subject to the terms of the Agreement and (b) adopts the Agreement with the same force and effect as if Holder were originally a party thereto as a Key Holder.

1.3 Notice. Any notice required or permitted by the Agreement shall be given to Holder at the address or facsimile number listed below Holder's signature hereto.

HOLDER:_____

By:_____
Name and Title of Signatory

Address:_____

_____

Facsimile Number:_____

ACCEPTED AND AGREED:

ALECTOR, INC.

By:_____

Title:_____

SUBLEASE

THIS SUBLEASE (this "Sublease") is dated for reference purposes as of April 25, 2016, and is made by and between CytomX Therapeutics, Inc., a Delaware corporation ("Sublessor"), and Alector LLC, a Delaware limited liability company ("Sublessee"). Sublessor and Sublessee hereby agree as follows:

1. Recitals: This Sublease is made with reference to the fact that HCP Oyster Point Ill LLC, as landlord ("Master Lessor"), and Sublessor, as tenant, entered into that certain lease, dated as of December 10, 2015 (the "Master Lease"), with respect to premises consisting of approximately 76,173 rentable square feet of space, located on the third and fourth floors (the "Premises") of a building being constructed at 151 Oyster Point Boulevard, South San Francisco, California (the "Building"). A copy of the Master Lease is attached hereto as Exhibit A.

2. Premises:

A. Subleased Premises. Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor, a portion of the Premises consisting of approximately 15,748 rentable square feet of space (including, without limitation, a vivarium consisting of approximately 700 square feet of space) located on the third floor of the Premises (hereinafter, the "Subleased Premises"). The Subleased Premises are more particularly described on Exhibit B attached hereto. Sublessor and Sublessee acknowledge that Master Lessor has a one-time right to remeasure the Premises as described in Section 1.2 of the Master Lease. If Master Lessor exercises such right and the square footage of the Premises and/or Building are different from those set forth in the Master Lease, the square footage of the Subleased Premises and the related amounts and percentages set forth herein shall be correspondingly adjusted (including the Base Rent) as provided in Section 1.2 of the Master Lease, as incorporated herein. Sublessor and Sublessee hereby acknowledge and agree that the rentable square footage of the Subleased Premises shall not increase by more than one percent (1%) from the rentable square footage stated herein as a result of the remeasurement by Master Lessor pursuant to Section 1.2 of the Master Lease.

B. Shared Areas. In connection with its use of the Subleased Premises, and subject to Sublessor's reasonable rules and regulations, Sublessee shall have the non-exclusive right to use (1) its pro rata share based on the square footage of the Subleased Premises to the square footage of the Premises ("Pro Rata Share") of the portions of the first floor chemical storage area, service yard and penthouse ("Zone 2") serving the Premises (except that Sublessee's Pro Rata Share of Zone 2 shall be determined based on the square footage of the Subleased Premises to the square footage of the portion of the Premises located on the third floor), on the terms set forth in the Master Lease, as incorporated herein, (ii) Sublessor's glass wash/autoclave facility adjacent to the Subleased Premises, subject to Sublessor's reasonable scheduling requirements, and (iii) the freight elevator at the Premises.

C. Tenant Improvements. Sublessor represents and Sublessee acknowledges that Master Lessor is required to perform certain construction work in the Premises, including the Subleased Premises, pursuant to Exhibit B of the Master Lease and in accordance with those certain plans for such work in the Subleased Premises prepared by DGA dated February 22, 2016 (excluding references therein to furnishings), which plans Sublessee has reviewed and approved (the "Plans"). Sublessee shall have no right to make any changes to such plans, request any additional or different improvements in the Subleased Premises or delay Master Lessor's completion of such work, including taking any actions that would be considered a "Tenant Delay" under the Master Lease had such actions been taken by Sublessor. Notwithstanding the foregoing, Sublessee has elected to make, and Sublessor has approved (subject to receipt of Master Lessor's consent), the following alterations within the Subleased Premises as shown on the plans prepared by DGA dated April 8, 2016: (i) Extend wall and create new entrance for vivarium;

(ii) enclose room 391 (equipment room), turn into Procedure room 2 and create new entrance perpendicular to new entrance into vivarium (no need to relocate ESEW); this new procedure room only requires standard power/electrical supply or leave power supply originally intended for room 391; (iii) Room 384 (Procedure room 1) will require a chemical fume hood (vented to outside) in a location proposed by DGA (collectively, the "Sublessee Changes"). Sublessee shall be responsible for performing the Sublessee Changes at its sole cost and expense, in accordance with the terms of Article 8 of the Master Lease, as incorporated herein, using DGA as the architect and Landmark Builders as the contractor, in a manner that will not interfere with or delay Master Lessor's performance of the Tenant Improvements or delivery of the Premises. If within one (I) year following the expiration or earlier termination of this Sublease, Sublessor restores the affected areas to the configuration shown on the Plans dated February 22, 2016 using a third party contractor reasonably selected by Sublessor, Sublessee shall be responsible for reimbursing Sublessor (or paying directly to Sublessor's contractor at Sublessor's election) such cost to restore within thirty (30) days after delivery of an invoice from Sublessor thereof accompanied by detailed contractor invoices evidencing such cost. Sublessor shall not request or approve any changes to such plans that would materially affect the Subleased Premises without Sublessee's consent, which shall not be unreasonably withheld. If Sublessee fails to reasonably approve or disapprove a change within five (5) days of request by Sublessor (two (2) business days if the change was requested by Master Lessor), such change shall be deemed approved by Sublessee so long as a copy of such request for approval was concurrently sent by electronic mail to the following addresses.

3. Term:

A. Term. The term (the "Term") of this Sublease shall be for the period commencing on the later of November 1, 2016, the "Lease Commencement Date" under the Master Lease and the date the Subleased Premises are delivered to Sublessee with the Tenant Improvements (as defined in the Master Lease) therein completed with all approvals and permits from the appropriate governmental authorities required for the legal occupancy of the Subleased Premises by Sublessee obtained (the "Commencement Date") and ending on the last day of the thirtieth (30th) month following the Commencement Date (the "Expiration Date"), unless this Sublease is sooner terminated pursuant to its terms or the Master Lease is sooner terminated pursuant to its terms.

B. Early Possession. To tie extent permitted under the Master Lease and so long as such access does not interfere with Master Lessor's or Sublessor's work in the Premises or the Building, Sublessor shall permit Sublessee to enter the Subleased Premises thirty (30) days prior to the Commencement Date solely for the purpose of preparing the Subleased Premises for occupancy (including performing the Sublessee Changes) and not for the purpose of conducting business therein, provided (i) Master Lessor's consent to this Sublease has been received, (ii) Sublessee has delivered to Sublessor the Security Deposit and first month's Base Rent as required under Paragraph 4 and (iii) Sublessee has delivered to Sublessor evidence of all insurance required under this Sublease. Such occupancy shall be subject to all of the provisions of this Sublease, except for the obligation to pay Base Rent, Direct Expenses or utilities, shall not advance the Expiration Date of this Sublease and shall be subject to the terms of Section 6 of **Exhibit B** of the Master Lease.

4. Rent:

A. Base Rent. Sublessee shall pay to Sublessor as base rent for the Subleased Premises for each month during the Term the following amounts per month ("Base Rent"):

Months	Base Rent
1-12	$72,440.80
13-24	$74,614.02
25-30	$76,852.44

Base Rent and Additional Rent, as defined in Paragraph 4.B below, shall be paid on or before the first (1st) day of each month. If an increase in Base Rent becomes effective on a date other than the first day of a calendar month, the Base Rent for that month shall be the sum of the two applicable rates, each prorated for the portion of the month during which the rate is in effect. Base Rent and Additional Rent shall be payable without notice or demand and without any deduction, offset, or abatement, in lawful money of the Ailed States of America. Base Rent and Additional Rent shall be paid directly to Sublessor at the applicable address set forth below Sublessor's signature to this Sublease or such other address as may be designated in writing by Sublessor.

B. Additional Rent. All monies other than Base Rent required to be paid by Sublessor under the Master Lease as to the Subleased Premises, including, without limitation, any amounts payable by Sublessor to Master Lessor as "Direct Expenses" (as defined in Section 4.2.2 of the Master Lease) and costs of utilities under Section 6.2 of the Master Lease, as incorporated herein, with respect to the Subleased Premises shall be paid by Sublessee hereunder as and when such amounts are due under the Master Lease, as incorporated herein. Sublessee shall be entitled to its Pro Rata Share of all [illegeable], if any, given by Master Lessor to Sublessor for Sublessor's overpayment of such expenses. Sublessee shall also pay Sublessor its Pro Rata Share, within thirty (30) days of request by Sublessor, of Sublessor's actual and reasonable cost of maintaining and operating the autoclave/glass wash facility and in performing any repairs or providing other services to the Premises that benefit the Subleased [illegeable] (such as maintenance of any systems therein but excluding any capital improvements or expenditure except to the extent amortized over their useful lives as reasonably determined by Sublessor), and shall pay the entire cost of such amounts to the extent due to the misuse or excess use or negligence, willful misconduct or violation of this Sublease by Sublessee or its agent, employee, or contractor. All such amounts shall be deemed additional rent ("Additional Rent"). Base Rent and Additional Rent hereinafter collectively shall be referred to as "Rent". Notwithstanding anything to the contrary in the Sublease, Sublessee shall not be i:equiretto pay any Rent or perform any obligation that is required as a result of a default by Sublessor of any of its obligations under the Master Lease (except to the extent such default was due to the negligence, willfull misconduct or violation of this Sublease by Sublessee) or the misuse, negligence or willful Misconduct of arty Sublessor or its agents, contractors or invitees or the violation of law by Sublessor.

C. Payment of First Month's Rent. Upon execution hereof by Sublessee, Sublessee shall pay to Sublessor the sum of Seventy-Two Thousand Four Hundred Forty and 80/100 Dollars ($72,440.80), which shall constitute Base Rent for the first month of the Term.

5. Security Deposit: Upon execution hereof by Sublessee, Sublessee shall deposit with Sublessor the sum of One Hundred Fifty-Three Thousand Seven Hundred Four and 88/100 Dollars ($153,704.88) (the "Security Deposit"), in cash, as security for the performance by Sublessee of the terms and conditions of this Sublease. If Sublessee fails to pay Rent or other charges due hereunder or otherwise defaults with respect to any provision of this Sublease beyond any applicable notice and cure period, then Sublessor may draw upon, use, apply or retain all or any portion of the Security Deposit for the payment of any Rent or other charge in default, for the payment of any other sum which Sublessor has become

obligated to pay by reason of Sublessee's default, or to compensate Sublessor for any loss or damage which Sublessor has suffered thereby. If Sublessor so uses or applies all or any portion of the Security Deposit, then Sublessee, within ten (10) days after demand therefor, shall deposit cash with Sublessor in the amount required to restore the Security Deposit to the full amount stated above. Upon the expiration of this Sublease, Sublessor shall return to Sublessee so much of the Security Deposit as has not been applied by Sublessor pursuant to this paragraph, or which is not otherwise required to cure Sublessee's defaults.

6. Holdover: In the event that Sublessee does not surrender the Subleased Premises by the Expiration Date in accordance with the terms of this Sublease, Sublessee shall indemnify, defend, protect and hold harmless Sublessor from and against all loss and liability resulting from Sublessee's delay in surrendering the Subleased Premises and pay Sublessor holdover rent with respect to the Subleased Premises as provided in Section 16 of the Master Lease, as incorporated herein.

7. Repairs: Sublessor shall deliver the Subleased Premises to Sublessee in the condition in which the Premises are delivered to Sublessor under the Master Lease. The parties acknowledge and agree that Sublessor has made no representations or warranties with respect to the condition of the Subleased Premises. Sublessor shall have no obligation whatsoever to make or pay the cost of any alterations, improvements or repairs to the Subleased Premises, including, without limitation, any improvement or repair required to comply with any law. Master Lessor shall be solely responsible for performance of any repairs required to be performed by Master Lessor under the terms of the Master Lease. Sublessor shall, however, upon written request by Sublessee, use Sublessor's reasonable efforts (without requiring Sublessor to spend more than a nominal sum) to obtain Master Lessor's performance. Sublessor shall continue to repair and maintain in good condition and working order the autoclave/glass wash facility, the security system serving the Premises and Subleased Premises and any other systems serving the Premises and the Subleased Premises in common (except for Landlord Repair Obligations). Sublessor shall further be responsible for the repair and maintenance obligations of "Tenant" under the Master Lease with respect to the Subleased Premises, except to the extent the same result from the misuse or excess use or negligence, willful misconduct or violation of this Sublease by Sublessee, and Sublessee shall reimburse Sublessor for the actual and reasonable cost thereof (except for any capital improvements except to the extent amortized over their useful lives as reasonably determined by Sublessor).

8. Assignment and Subletting. Sublessee may not assign this Sublease, sublet the Subleased Premises, transfer any interest of Sublessee therein or permit any use of the Subleased Premises by another party (collectively, "Transfer"), without the prior written consent of Sublessor and Master Lessor (to the extent required under the Master Lease); provided, however, Sublessor's consent shall not be required for a transfer as described in the first sentence of Section 14.8 of the Master Lease, as incorporated herein. Any Transfer shall be subject to the terms of Section 14 of the Master Lease, as incorporated herein.

9. Use: Sublessee may use the Subleased Premises only for the following uses: general office, biomedical laboratory, lab scale manufacturing and research and development, and vivarium uses and other lawful uses reasonably related to or incidental to such specified uses, all consistent with first class life sciences projects in South San Francisco, California and in compliance with, and subject to, applicable laws and the terms of the Master Lease and this Sublease. Sublessee shall not use, store, transport or dispose of any Hazardous Materials (as defined in the Master Lease) in or about the Premises except as permitted pursuant to the terms and conditions of Section 5.3 of the Master Lease, as incorporated herein. Sublessee shall comply with all reasonable rules and regulations promulgated from time to time by Sublessor and Master Lessor.

10. Delivery and Acceptance: If Sublessor fails to deliver possession of the Subleased Premises to Sublessee on or before the date set forth in Paragraph 3.A hereof for any reason whatsoever (other than the occupancy of the Subleased Premises by Sublessor or any other party by, through or under Sublessor), then this Sublease shall not be void or voidable, nor shall Sublessor be liable to Sublessee for any loss or damage; provided, however, that in such event, Rent shall abate until Sublessor delivers possession of the Subleased Premises to Sublessee. In addition, the provisions of the last two sentences of Section 2.1 of the Master Lease, as incorporated herein, shall apply (but the applicable deadline dates shall not be extended by any "Tenant Delay" under the Master Lease except to the extent caused by an act or omission by Sublessee). If the Subleased Premises are not delivered in good condition and in compliance with all laws as set forth in the last two sentences of Section 1.1.1 of the Master Lease incorporated herein, or if any of the Tenant Improvements within the Subleased Premises are not constructed by Master Lessor in accordance with the Master Lease, upon written request by Sublessee, Sublessor shall use commercially reasonable efforts to cause Master Lessor to correct the same at no cost to Sublessee (through Direct Expenses or otherwise).

11. Improvements: No alteration or improvements shall be made to the Subleased Premises, except in accordance with the Master Lease, and with the prior written consent of both Master Lessor and Sublessor. Sublessor's consent shall not be unreasonably withheld, conditioned or delayed, but the consent of Sublessor may be withheld if Master Lessor's consent is not obtained.

12. Insurance: Waiver of Subrogation: Sublessee shall obtain and keep in full force and effect, at Sublessee's sole cost and expense, during the Term, the insurance required under Section 10 of the Master Lease. Sublessee shall name Master Lessor and Sublessor as additional insureds under its liability insurance policy. The release and waiver of subrogation set forth in Section 10.5 of the Master Lease, as incorporated herein, shall be binding on the parties.

13. Default; Remedies: Sublessee shall be in material default of its obligations under this Sublease if Sublessee commits any act or omission which constitutes an event of default under the Master Lease, which has not been cured after delivery of written notice and passage of any applicable grace period provided in the Master Lease as modified, if at all, by the provisions of this Sublease. In the event of any default by Sublessee, Sublessor shall have all remedies provided pursuant to Section 19.2 of the Master Lease and by applicable law.

14. Surrender: Prior to expiration of this Sublease, Sublessee shall remove all of its trade fixtures and shall surrender the Subleased Premises to Sublessor in good condition, with any Clean-up required under the Master Lease with respect to Hazardous Materials caused by Sublessee completed, reasonable wear and tear, casualty and condemnation excepted. If the Subleased Premises are not so surrendered, then Sublessee shall be liable to Sublessor for all costs incurred by Sublessor in returning the Subleased Premises to the required condition.

15. Broker: Sublessor and Sublessee each represent to the other that they have dealt with no real estate brokers, finders, agents or salesmen other than Newmark Cornish & Carey representing Sublessee and Sublessor, in connection with this transaction. Each party agrees to hold the other party harmless from and against all claims for brokerage commissions, finder's fees or other compensation made by any other agent, broker, salesman or finder as a consequence of such party's actions or dealings with such agent, broker, salesman, or finder. Sublessor shall pay the commissions payable by it to Newmark Cornish & Carey in connection with this Sublease pursuant to a separate agreement.

16. Notices: Unless at least five (5) days' prior written notice is given in the manner set forth in this paragraph, the address of each party for all purposes connected with this Sublease shall be the applicable address set forth below its signature at the end of this Sublease. All notices, demands or communications in connection with this Sublease shall be (a) personally delivered; or (b) properly addressed and (i) submitted to an overnight courier service, charges prepaid, or (ii) deposited in the mail (certified, return receipt requested, and postage prepaid). Notices shall be deemed delivered upon receipt, if personally delivered, one (I) business day after being submitted to an overnight courier service and three (3) business days after mailing, if mailed as set forth above. All notices given to Master Lessor under the Master Lease shall be considered received only when delivered in accordance with the Master Lease.

17. Miscellaneous: Sublessor has not had an inspection of the Premises performed by a Certified Access Specialist as described in California Civil Code § 1938.

18. Other Sublease Terms:

A. Incorporation By Reference. Except as set forth below, the terms and conditions of this Sublease shall include all of the terms of the Master Lease and such terms are incorporated into this Sublease as if fully set forth herein, except that: (i) each reference in such incorporated sections to "Lease" shall be deemed a reference to "Sublease"; (ii) each reference to the "Premises", "Lease Term" and "Base Rent" shall be deemed a reference to the "Subleased Premises", "Term" and Base Rent under this Sublease, respectively; (iii) each reference to "Landlord" and "Tenant" shall be deemed a reference to "Sublessor" and "Sublessee", respectively, except as otherwise expressly set forth herein; (iv) with respect to work, services, repairs, restoration, insurance, indemnities (except for the indemnity by Sublessor pursuant to the second to last sentence of Section 10.1 of the Master Lease, incorporated herein), representations, warranties or the performance of any other obligation of Master Lessor under the Master Lease, the sole obligation of Sublessor shall be to request the same in writing from Master Lessor as and when requested to do so by Sublessee, and to use Sublessor's reasonable efforts (without requiring Sublessor to spend more than a nominal sum) to obtain Master Lessor's performance; (v) with respect to any obligation of Sublessee to be performed under this Sublease, wherever the Master Lease grants to Sublessor a specified number of days to perform its obligations under the Master Lease, except as otherwise provided herein, Sublessee shall have three (3) fewer days to perform the obligation, including, without limitation, curing any defaults, or one-half the time period permitted under the Master Lease (rounding up for partial days), which ever allows Sublessee the greater amount of time; (vi) with respect to any approval required to be obtained from the "Landlord" under the Master Lease, such consent must be obtained from both Master Lessor and Sublessor, and the approval of Sublessor may be withheld if Master Lessor's consent is not obtained; (vii) in any case where the "Landlord" reserves or is granted the right to manage, supervise, control, repair, alter, regulate the use of, enter or use the Premises or any areas beneath, above or adjacent thereto, perform any actions or cure any failures, such reservation or right shall be deemed to be for the benefit of both Master Lessor and Sublessor; (viii) in any case where "Tenant" is to indemnify, release or waive claims against "Landlord", such indemnity, release or waiver shall be deemed to run from Sublessee to both Master Lessor and Sublessor; (ix) in any case where "Tenant" is to execute and deliver certain documents or notices to "Landlord", such obligation shall be deemed to run from Sublessee to both Master Lessor and Sublessor, (x) all payments shall be made to Sublessor; and (xi) Sublessee shall pay all consent and review fees set forth in the Master Lease (with respect to a further subsubleasing of the Subleased Premises, an assignment of the Sublease or alterations constructed by Sublessee) to both Master Lessor and Sublessor and any caps shall apply separately to Master Lessor and Sublessor.

Notwithstanding the foregoing, (a) the following provisions of the Master Lease shall not be incorporated herein: Summary of Basic Lease Information, Sections 1.1.1 (the first two sentences), 1.1.2 (the first sentence), 1.3, 2.1 (the first sentence), 2.2, 4.1.2, 4.6, 5.3.1.4.3 (except with respect to the indemnity for Hazardous Materials Released by Sublessor and the nonliability provisions with respect to Hazardous Materials that exist in, on or about the Project as of the date hereof or Hazardous Materials

Released by Master Lessor or any "Landlord Parties" under the Master Lease), 6.2 (the last sentence), 7.3, 8.5 (the last two sentences), 18 (first and third sentences), 21, 23.1 (subpart (iv) and the second to last sentence), 29.18 and 29.24 and **Exhibits B** (except Section 9, as to which Sublessee may only use its Pro Rata Share as designated by Sublessor) and **F-H**; (b) references in the following provisions to "Landlord" shall mean Master Lessor only: Sections 1.1.1 (the last two sentences, except the second reference), 1.1.2(iv), 1.1.3, 1.2 (except the last sentence), 2.1 (the last sentence), 4.2.4, 4.3, 6.1 (the first sentence), 6.5 (the first two sentences), 6.6 (the first two sentences), 7.2, 8.4 (the last reference in the first sentence), 10.2, 10.7 (the first reference), 10. 7. 2 (the last sentence), 11.1 (the second and third sentences), 11.2 (except the last reference), 13 (the first sentence), 23.1 (subpart (1) and the last sentence), 29.13 (the first sentence), 29.26 (the first sentence) and 29.29.1; (c) references in the following provisions to "Landlord" shall mean Master Lessor and Sublessor: Sections 4.5, 5.3.1.2-4, 5.3.2, 6.4, 10.4, 17, 24 (the third sentence) and 26.2; (d) the last two (2) references to "Landlord" in the second sentence of Section 10.1 of the Master Lease shall mean Master Lessor or Sublessor; (d) references to the "Permitted Use" shall mean the use permitted under Section 9 above; (e) the number of parking spaces in Section 9 of the Summary of Basic Lease Information (as referenced in Section 28 of the Master Lease) shall be 42; (f) Tenant's Share shall mean 10.74% as to the Building and 20.67% as to the Premises; (g) subject to Master Lessor's approval, Sublessor agrees that Alector and Alector LLC are not Objectionable Names; (h) in Section 14.3, Sublessee shall pay Sublessor the entire premium payable to Master Lessor under the Master Lease, plus fifty percent (50%) of any remaining Transfer Premium; and (i) in Section 8.1, the reference in the second sentence to $50,000 shall be to $10,000.

B. Assumption of Obligations. This Sublease is and at all times shall be subject and subordinate to the Master Lease and the rights of Master Lessor thereunder. Sublessee hereby expressly assumes and agrees: (i) to comply with all provisions of the Master Lease which are incorporated hereunder; and (ii) to perform all the obligations on the part of the "Tenant" to be performed under the terms of the Master Lease during the Term of this Sublease which are incorporated hereunder. In the event the Master Lease is terminated for any reason whatsoever, this Sublease shall terminate simultaneously with such termination without any liability of Sublessor to Sublessee. Notwithstanding the foregoing, Sublessor shall not, without Sublessee's prior written consent, terminate the Master Lease (except as set forth in Paragraph 20 below or if Master Lessor agrees to allow Sublessee to continue to occupy the Subleased Premises for the remaining Term on the terms of this Sublease), commit any acts that would entitle Master Lessor to terminate the Master Lease, or amend or waive any provisions of the Master Lease or make any elections, exercise any right or remedy or give any consent or approval under the Master Lease in each case that would adversely affect Sublessee's use or occupancy of the Subleased Premises or increase Sublessee's liability hereunder. In the event of a conflict between the provisions of this Sublease and the Master Lease, as between Sublessor and Sublessee, the provisions of this Sublease shall control. In the event of a conflict between the express provisions of this Sublease and the provisions of the Master Lease, as incorporated herein, the express provisions of this Sublease shall prevail.

19. Conditions Precedent: This Sublease and Sublessor's and Sublessee's obligations hereunder are conditioned upon the written consent of Master Lessor. Unless waived by Sublessee and, as to subpart (iv), Sublessor in writing (which waiver shall be deemed to have been made upon Sublessee's and Sublessor's execution of Master Lessor's consent form), such consent shall provide that (i) Sublessee shall be permitted to use the Hazardous Materials specifically listed on the Environmental Questionnaire completed by Sublessee as attached hereto as Exhibit D (as the same may be updated from time to time as permitted in Section 5.3 of the Master Lease), (ii) the terms of Section 10.5 of the Master Lease (Mutual Waiver of Subrogation) shall also apply as between Master Lessor and Sublessee, (iii) the terms of Section 14.8 of the Master Lease shall also apply to Sublessee such that an assignment or subletting of the Subleased Premises to a Permitted Transferee of Sublessee shall not be deemed a Transfer under the Master Lease so long as the conditions set forth in Section 14.8 of the Master Lease, as incorporated herein, are satisfied, (iv) Master Lessor approves of the Sublessee Changes pursuant to Paragraph 2.C of

this Sublease and the restoration of such Sublessee Changes to the configuration shown in the February 22, 2016 Plans, and (v) without reducing or diminishing the signage rights of Sublessor under the Master Lease, Sublessee shall have the signage rights described in Section 23.1(i)-(iii) of the Master Lease. If Sublessor fails to obtain Master Lessor's consent within thirty (30) days after execution of this Sublease by Sublessor, then Sublessor or Sublessee may terminate this Sublease by giving the other party written notice thereof, and Sublessor shall return to Sublessee its payment of the first month's Rent paid by Sublessee pursuant to Paragraph 4 hereof and the Security Deposit. Sublessor shall pay all consent and review fees set forth in the Master Lease for Master Lessor's consent to the subletting hereunder.

20. Termination; Recapture: Notwithstanding anything to the contrary herein, Sublessee acknowledges that, under the Master Lease, both Master Lessor and Sublessor have certain termination and recapture rights, including, without limitation, in Sections 11, 13 and 14. Nothing herein shall prohibit Master Lessor or Sublessor from exercising any such rights and neither Master Lessor nor Sublessor shall have any liability to Sublessee as a result thereof. In the event Master Lessor or Sublessor exercise any such termination or recapture rights, this Sublease shall terminate without any liability to Master Lessor or Sublessor.

21. Parking, and Signage. Sublessee shall have the right to park in 40 parking spaces in the on-site parking lot and garage that serves the Building as provided in Section 28 of the Master Lease, as incorporated herein. Subject to Master Lessor's and Sublessor's consent (with Sublessor's consent not to be unreasonably withheld, conditioned or delayed), and provided the same do not reduce or diminish Sublessor's ability to install its own signs, Sublessee shall have the signage rights described in Section 23.1(i)-(iii) of the Master Lease, as incorporated herein.

22. Furniture, Fixtures and Equipment: Sublessee shall have the right to use during the Term the furnishings within the Subleased Premises which will be similar to those that Sublessor acquires for the balance of the Premises in the quantities shown on Exhibit C attached hereto (the "Furniture") at no additional cost to Sublessee. The Furniture is provided in its "AS IS, WHERE IS" condition, without representation or warranty whatsoever. Sublessee shall insure the Furniture under the property insurance policy required under the Master Lease, as incorporated herein, and pay all taxes with respect to the Furniture. Sublessee shall maintain the Furniture in good condition and repair, reasonable wear and tear excepted, and shall be responsible for any loss or damage to the same occurring during the Term. Sublessee shall surrender the Furniture to Sublessor upon the termination of this Sublease in the same condition as exists as of the Commencement Date, reasonable wear and tear excepted. Sublessee shall not remove any of the Furniture from the Subleased Premises.

23. HVAC and Janitorial: Sublessee acknowledges that HVAC service is not separately zoned to the Subleased Premises. Subject to Section 6.3 of the Master Lease, as incorporated herein, HVAC shall be provided (a) to the vivarium on a 24/7 basis and to the remainder of the Subleased Premises during normal business hours as reasonably determined by Sublessor, at levels reasonably determined by Sublessor to be normal for vivarium use in the vivarium and for office or laboratory use, as applicable, in the office and laboratory areas, and (b) at Sublessee's sole cost and upon reasonable advance notice to Sublessor, at such other times as Sublessee may request. Sublessee acknowledges that HVAC service outside of normal business hours it requests may include service to portions of the Premises outside the Subleased Premises and Sublessee shall be responsible for the full cost of all such service. Sublessor shall provide janitorial services to the Premises (including, without limitation, the Subleased Premises) as required under Section 6.1 of the Master Lease (at least five nights per week), and Sublessee shall pay to Sublessor as Additional Rent Sublessee's Pro Rata Share of the cost thereof in accordance with Paragraph 4.B above.

24. Sublessor Representations: Sublessor represents and warrants that (a) the Master Lease is in full force and effect, and there exists under the Master Lease no default beyond applicable notice and cure periods by either Sublessor, or to Sublessor's knowledge, Master Lessor, nor, to Sublessor's knowledge, has there occurred any event which, with the giving of notice or passage of time or both, could constitute such a default, and (b) the copy of the Master Lease attached hereto as Exhibit A is a true, correct and complete copy of the Master Lease.

25. Access: Sublessee shall have access to the Subleased Premises twenty-four (24) hours a day, seven (7) days a week to the extent Sublessor is permitted such access under the Master Lease to the Premises.

IN WITNESS WHEREOF, the parties have executed this Sublease as of the day and year first above written.

SUBLESSOR:

CYTOMX THERAPEUTICS, INC.,
a Delaware corporation

By: /s/ Robert Goeltz
Name: Robert Goeltz
Its: CFD

Address for Notices:

Before the Commencement Date:

343 Oyster Point Boulevard, Suite 100
South San Francisco, CA 94080
Attention: General Counsel

After the Commencement Date:

151 Oyster Point Boulevard, Fourth Floor;'
South San Francisco, California 94080

Attention: General Counsel

Address for Payments:

Before the Commencement Date: -

343 Oyster Point Boulevard, Suite 100
South San Francisco, CA 94080
Attention: Accounts Receivable

After the Commencement Date:

151 Oyster Point Boulevard
South San Francisco, California 94080
Attention: Accounts Receivable

SUBLESSEE:

ALECTOR LLC,
a Delaware limited liability company

By: /s/ Kelly Hackett
Name: Kelly Hackett
Its: General Manager

Address for Notices:

Before the Commencement Date:

953 Indiana Street
San Francisco, CA 94107
Attention: CEO

After the Commencement Date:

151 Oyster Point Boulevard, 3rd Floor
South San Francisco, California 94080
Attention: CEO

EXHIBIT B

SUBLEASED PREMISES

[Schematic]

EXHIBIT C

FURNITURE

[List of Sub-tenant Furnishings]

EXHIBIT D

ENVIRONMENTAL QUESTIONNAIRE

**[ENVIRONMENTAL QUESTIONNAIRE
FOR COMMERCIAL AND INDUSTRIAL PROPERTIES]**

LEASE

THE COVE AT OYSTER POINT

HCP OYSTER POINT III LLC,

a Delaware limited liability company

as Landlord,

and

CYTOMAX THERAPEUTICS, INC.,

a Delaware corporation,

as Tenant.

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THE COVE AT OYSTER POINT

LEASE

This Lease (the "**Lease**"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between HCP OYSTER POINT III LLC, a Delaware limited liability company ("**Landlord**"), and CYTOMX THERAPEUTICS, INC., a Delaware corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE	DESCRIPTION
1. Date:	December 10, 2015
2. Premises (Article 1).	
2.1 Building:	That certain four-story building containing approximately 146,635 rentable square feet of space ("**RSF**") located at: 151 Oyster Point Boulevard South San Francisco, California 94080
2.2 Premises:	Approximately 76,173 RSF on the third (3rd) floor and the fourth (4th) floor of the Building, as further set forth in **Exhibit A** to the Lease.
3. Lease Term (Article 2).	
3.1 Length of Term	Ten (10) years.
3.2 Lease Commencement	The date that is the later of (i) the date the Premises are "Ready for Occupancy", as defined in the Tenant Work Letter attached hereto as **Exhibit B**, and (ii) October 1, 2016.
3.3 Lease Expiration Date:	The day prior to the tenth (10th) anniversary of the Lease Commencement Date.

4. Base Rent (Article 3):

Lease Year	Annualized Base Rent	Monthly Installment of Base Rent	Monthly Base Rent per RSF
1*	$3,069,000.00	$255,750.00	$ 4.65
2	$4,341,861.00	$361,821.75	$ 4.75

Lease Year	Annualized Base Rent	Monthly Installment of Base Rent	Monthly Base Rent per RSF
3	$4,472,116.83	$372,676.40	$ 4.89
4	$4,606,280.33	$383,856.69	$ 5.04
5	$4,744,468.74	$395,372.40	$ 5.19
6	$4,886,802.81	$407,233.57	$ 5.35
7	$5,033,406.89	$419,450.57	$ 5.51
8	$5,184,409.10	$432,034.09	$ 5.67
9	$5,339,941.37	$444,995.11	$ 5.84
10	$5,500,139.61	$458,344.97	$ 6.02

*Note that for the first Lease Year of the Lease Term, Tenant's Base Rent obligation has been calculated as if the Premises contained only 55,000 rentable square feet. Such calculation shall not affect Tenant's right to use the entire Premises, or Tenant's obligations under this Lease with respect to the entire Premises, including without limitation, Tenant's obligation to pay Tenant's Share of Direct Expenses with respect to the Premises which shall be as provided in Section 6 of this Summary, all in accordance with the terms and conditions of this Lease.

5.	Tenant Improvement Allowance (**Exhibit B**):	$135.00 per RSF of the Premises (i.e., $10,283,355.00).
6.	Tenant's Share (Article 4):	51.95%.
7.	Permitted Use (Article 5):	The Premises shall be used only for general office, research and development, engineering, lab scale manufacturing and laboratory and vivarium uses, including, but not limited to, administrative offices and other lawful uses reasonably related to or incidental to such specified uses, all (i) consistent with first class life sciences projects in South San Francisco, California ("First Class Life Sciences Projects"), and (ii) in compliance with, and subject to, applicable laws and the terms of this Lease.
8.	Letter of Credit (Article 21):	$916,689.94.
9.	Parking (Article 28):	194 unreserved parking spaces, subject to the terms of Article 28 of the Lease.
10	Address of Tenants (Section 29.18)	Before the commencement of the Lease:

	CytomX Therapeutics, Inc. 343 Oyster Point Boulevard, Suite 100 South San Francisco, CA 94080 Attention: General Counsel After the commencement of the Lease: CytomX Therapeutics, Inc. 151 Oyster Point Boulevard South San Francisco, California 94080 Attention: General Counsel
11. Address of Landlord (Section 29.18)	See Section 29, 18 of the Lease.
12. Broker(s) (Section 29.24)	Newmark Cornish & Casey And CBRE, Inc.

1. PREMISES, BUILDING, PROJECT, AND COMMON AREAS.

1.1 **Premises, Building, Project and Common Areas**.

1.1.1 **The Premises**. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the "**Premises**"). The outline of the Premises is set forth in **Exhibit A** attached hereto. The outline of the "Building" and the "Project," as those terms are defined in Section 1.1.2 below, are further depicted on the Site Plan attached hereto as **Exhibit A**. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed. The parties hereto hereby acknowledge that the purpose of **Exhibit A** is to show the approximate location of the Premises only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the "Common Areas," as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the "Project," as that term is defined in Section 1.1.2, below, and that the square footage of the Premises shall be as set forth in Section 2.1 of the Summary of Basic Lease Information. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as **Exhibit B** (the "**Tenant Work Letter**"), Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease and the Tenant Work Letter. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Building and Premises have not undergone inspection by a Certified Access Specialist (CASp). Landlord shall deliver the Premises to Tenant in good, vacant, broom clean condition, in compliance with all laws, with the roof water-tight and shall cause the plumbing, electrical systems, fire sprinkler system, lighting, and all other building systems serving the Premises in good operating condition and repair on or before the Lease Commencement Date, or such earlier date as Landlord and Tenant mutually agree. Landlord will be responsible for causing the exterior of the Building, the existing Building entrances, and all exterior Common Areas (including required striping and handicapped spaces in the parking areas) to be in compliance with ADA and parking requirements, to the extent required to allow the legal occupancy of the Premises or completion of the Tenant Improvements.

1.1.2 **The Building and The Project**. The Premises constitutes the space set forth in Section 2.1 of the Summary (the "**Building**"). The Building is part of an office/laboratory project currently known as "The Cove at Oyster Point." The term "**Project**," as used in this Lease, shall mean (i) the Building and the Common Areas, (ii) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building and the Common Areas are located, (iii) the other office/laboratory buildings located at The Cove at Oyster Point, and the land upon which such adjacent office/laboratory buildings are located, and (iv) at Landlord's discretion, any additional real property, areas, land, buildings or other improvements added thereto outside of the Project (provided that any such additions do not increase Tenant's obligations under this Lease).

1.1.3 **Common Areas**. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project, which shall include the shipping and receiving area in the Building (such areas, together with such other portions of the Project designated by Landlord, in its

discretion, are collectively referred to herein as the "**Common Areas**"). Landlord shall maintain and operate the Common Areas, including all sprinkler and other systems serving the Common Areas, in a first class manner, and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may reasonably make from time to time. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas, provided that in connection therewith Landlord will use commercially reasonable efforts to minimize any interference with Tenant's use of and access to the Premises and parking areas. Landlord hereby acknowledges that as of the date of this Lease Landlord is planning to construct and operate an amenities center in the Building for use by the tenants of the Project during the Lease Term, and in connection therewith Landlord agrees to utilize commercially reasonable efforts to operate and maintain such amenities center (which amenities center shall include a café) throughout the Lease Term (provided that Tenant acknowledges that the amenities center is currently anticipated to begin operations after the Lease Commencement Date); provided, however, Tenant nevertheless acknowledges herby that if despite such commercially reasonable efforts Landlord is unable for any reason to maintain continuous operation of the amenities center during the Lease Term, in no event shall such failure be deemed a default of the Lease, nor shall such failure impact the validity of this Lease and Landlord shall not be subject to any liability for such failure, provided that in such event Landlord shall utilize commercially reasonable efforts to provide replacement food services to Tenant (e.g., an on-site café in a different location or the routine scheduling of food trucks to the Project).

1.2 **Rentable Square Feet of Premises**. Tenant hereby acknowledges and agrees that Landlord shall have the one-time right during the Lease Term to remeasure the rentable square footage of the Premises and/or Building in accordance with the terms of this Section 1.2. Any such remeasurement shall be determined in accordance with the standards set forth in ANSI Z65.1-2010, as promulgated by the Building Owners and Managers Association (the "**BOMA Standard**"), and subject to related guidelines applicable thereto. Landlord's space planner/architect shall certify any such remeasurement and shall provide reasonable documentation to Tenant for Tenant's review following such remeasurement. In the event that Landlord's space planner/architect determines that the rentable square footage of the Premises and/or Building are different from those set forth in this Lease, all amounts, percentages and figures appearing or referred to in this Lease based upon such amounts (including, without limitation, the amount of the Base Rent, Tenant Improvement Allowance, Additional Tenant Improvement Allowance, and Tenant's Share) shall be modified in accordance with such determination, provided that Landlord and Tenant hereby acknowledge and agree that the rentable square footage of the Premises shall not increase by more than one percent (1%) from the rentable square footage set forth in Section 2.2 of the Summary. If such determination is made, it will be confirmed in writing by Landlord to Tenant.

1.3 **Right of First Offer**.

1.3.1 Right of First Offer. Subject to the terms and conditions of this Section 1.3, Landlord hereby grants to Tenant an on-going right of first offer during the initial Lease Term with respect to any space on the second (2nd) floor of the Building (the "**First Offer Space**"). Notwithstanding the foregoing, such first offer right of Tenant shall commence only following the expiration or earlier termination of the existing leases of the First Offer Space (the "**Existing Leases**") (including renewals of any such lease, irrespective of whether any such renewal is currently set forth in such lease or is subsequently granted or agreed upon, and regardless of whether such renewal is consummated pursuant to a lease amendment or a new lease). Such right of first offer shall be subordinate to all rights granted in any Existing Leases, which rights relate to the First Offer Space and are set forth in the Existing Leases upon execution thereof, including, without limitation, any renewal, expansion, first offer, first refusal, first negotiation and other rights, regardless of whether such rights are executed strictly in accordance with their respective terms or pursuant to a lease amendment or a new lease (the "**Superior Rights**"). Further, such right of first offer shall be subject and subordinate to the terms of any renewal right

contained in any lease of the First Offer Space entered into by Landlord with a third party after Tenant's failure to exercise its right of first offer as provided in this Section 1.3 (the "**Intervening Leases**"). All such tenants under Existing Leases or Intervening Leases, are collectively referred to as the "**Superior Right Holders**".

1.3.2 **Procedure for Lease**.

1.3.2.1 **Procedure for Offer**. Subject to the terms hereof, Landlord shall notify Tenant (the "First Offer Notice") prior to entering into any lease with a third party for the First Offer Space, which notice shall outline the base rent, allowance amounts if any, length of term, and other economic terms on which Landlord would be willing to lease the First Offer Space (as set forth in such proposal) to Tenant (the "**Fundamental Terms**"). Pursuant to such First Offer Notice, Landlord shall offer to lease to Tenant the applicable First Offer Space on the Fundamental Terms.

1.3.2.2 **Procedure for Acceptance**. If Tenant wishes to exercise Tenant's right of first offer with respect to the First Offer Space described in the First Offer Notice, then within five (5) business days after delivery of the First Offer Notice to Tenant, Tenant shall deliver notice to Landlord of Tenant's irrevocable exercise of its right of first offer with respect to all of the First Offer Space described in the First Offer Notice on the Fundamental Terms provided for therein. If Tenant does not so notify Landlord within such five (5) business day period of Tenant's exercise of its first offer right, then Landlord shall be free to negotiate and enter into a lease for the First Offer Space to anyone whom it desires on any terms that Landlord desires, provided that, if Landlord has not entered into any such lease within ninety (90) days after the date of delivery of the First Offer Notice, then, prior to entering into any lease of such First Offer Space, Landlord shall first again offer such space to Tenant in accordance with the terms of this Section 1.3, provided that, prior to the entering into a lease of such space on terms that are more than 10% more favorable to the tenant than those set forth in the First Offer Notice (as determined on a net effective basis), Landlord shall first deliver any other First Officer Notice to Tenant offering such space to Tenant on such reduced terms. Tenant shall respond to any such "re-offer" within five (5) days after delivery of such "re-offer" notice.

1.3.2.3 **Construction In First Offer Space**. Unless the Fundamental Terms provided to Tenant for the First Offer Space otherwise specify, Tenant shall take the First Offer Space in its "as is" condition, and Landlord shall not be obligated to provide or pay for any improvement of the First Offer Space. For the avoidance of doubt, if the Fundamental Terms include a tenant improvement allowance or a turn-key build out, Tenant shall receive the same allowance or turn-key build out, as applicable.

1.3.2.4 **Lease of First Offer Space**. If Tenant timely exercises Tenant's right of first offer to lease First Offer Space as set forth herein, Tenant shall within fifteen (15) days after receipt of Landlord's first draft of an amendment accurately setting forth the Fundamental Terms and not containing any new material terms, enter an amendment to this Lease (the "**First Offer Space Amendment**") for such First Offer Space pursuant to this Section 1.3. Tenant's lease of such First Offer Space shall be upon the express terms set forth in the First Offer Notice, but otherwise upon the same general terms and conditions set forth in this Lease and this Section 1.3. The First Offer Space Lease shall not contain the rights set forth in Section 2.2, below, unless such rights were set forth in the First Offer Notice. The term of Tenant's lease of the First Offer Space shall commence on the date set forth in the First Offer Notice (provided that such commencement date shall in no event be earlier than the date of Landlord's delivery of the applicable First Offer Space to Tenant), and shall expire on the applicable date set forth in the First Offer Notice (the "**First Offer Space Expiration Date**").

1.3.2.5 **Limitation of Exercise of First Offer Right**. The right to lease First Offer Space as provided in this Section 1.3 may not be exercised if, as of the date of the attempted exercise of the expansion option by Tenant, Tenant is in default under this Lease, beyond any applicable notice and cure period. The terms of this Section 1.3 shall be personal to the originally named Tenant hereunder (the "Original Tenant") or a Permitted Transferee, and may not be exercised by any assignee, subtenant, or other Transferee of Original Tenant's interest in this Lease other than a Permitted Transferee. Tenant's right of first offer shall be continuous during the initial Lease Term. Tenant's rejection of any particular offer shall not relieve Landlord of its obligation to again offer the First Offer Space to Tenant any time the First Offer Space subsequently becomes available (provided that Tenant's rights under this Section 1.3 shall be subject and subordinate to the renewal rights of any tenant under a lease entered into by Landlord after Tenant has declined or failed to respond to a First Offer Notice).

2. LEASE TERM; OPTION TERM.

2.1 **Lease Term**. The terms and provisions of this Lease shall be effective as of the date of this Lease. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set forth in Section 3.2 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date set forth in Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) month period during the Lease Term. At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in **Exhibit C**, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof. Notwithstanding the foregoing, if Landlord has not delivered possession of the Premises in the condition required by Section 1.1.1, above, (1) on or before February 1, 2017, then, as Tenant's sole remedy for such delay, the date Tenant is otherwise obligated to commence payment of rent shall be delayed by one day for each day that the delivery date is delayed beyond such date, or (2) June 1, 2017, then, Tenant shall also have the right to terminate this Lease by written notice thereof to Landlord, whereupon any monies previously paid by Tenant to Landlord shall be reimbursed to Tenant. The foregoing dates shall be extended to the extent of any delays in delivery of possession caused by (i) Tenant Delay, as provided in Section 1(j) of the Tenant Work Letter, or (ii) war, terrorism, acts of God, natural disaster, civil unrest, governmental strike or area-wide or industry-wide labor disputes, inability to obtain services, labor, or materials or reasonable substitutes therefor, or delays due to utility companies that are not the result of any action or inaction of Landlord (provided that any such delay in this item (ii) shall not extend any such date by more than ninety (90) days).

2.2 **Option Term**.

2.2.1 **Option Right**. Landlord hereby grants to the Original Tenant, and its "Permitted Assignees", as that term is defined in Section 14.8, below, one (1) option to extend the Lease Term for a period of five (5) years (the "**Option Term**"), which option shall be irrevocably exercised only by written notice delivered by Tenant to Landlord not more than fifteen (15) months nor less than nine (9) months prior to the expiration of the initial Lease Term, provided that the following conditions (the "**Option Conditions**") are satisfied: (i) as of the date of delivery of such notice, Tenant is not in default under this Lease, after the expiration of any applicable notice and cure period; (ii) Tenant has not previously been in default under this Lease, after the expiration of any applicable notice and cure period, more than twice in the twelve (12) month period prior to the date of Tenant's attempted exercise; and (iii) the Lease then remains in full force and effect. Landlord may, at Landlord's option, exercised in Landlord's sole and absolute discretion, waive any of the Option Conditions in which case the option, if otherwise properly exercised by Tenant, shall remain in full force and effect. Upon the proper exercise of such option to extend, and provided that Tenant satisfies all of the Option Conditions (except those, if any, which are

waived by Landlord), the Lease Term, as it applies to the Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.2 shall be personal to Original Tenant and any Permitted Assignees, and may be exercised by Original Tenant or such Permitted Assignees (and not by any assignee, sublessee or other "Transferee," as that term is defined in Section 14.1 of this Lease, of Tenant's interest in this Lease).

2.2.2 **Option Rent**. The annual Rent payable by Tenant during the Option Term (the "**Option Rent**") shall be equal to the "Fair Rental Value," as that term is defined below, for the Premises as of the commencement date of the Option Term. The "**Fair Rental Value**," as used in this Lease, shall be equal to the annual rent per rentable square foot (including additional rent and considering any "base year" or "expense stop" applicable thereto), including all escalations, at which tenants (pursuant to leases consummated within the twelve (12) month period preceding the first day of the Option Term), are leasing non-sublease, non-encumbered, non-equity space which is not significantly greater or smaller in size than the subject space, with a comparable level of improvements (excluding any property that Tenant would be allowed to remove from the Premises at the termination of the Lease), for a comparable lease term, in an arm's length transaction, which comparable space is located in the "**Comparable Buildings**," as that term is defined in this Section 2.2.2, below (transactions satisfying the foregoing criteria shall be known as the "**Comparable Transactions**"), taking into consideration the following concessions (the "**Concessions**"): (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; (b) tenant improvements or allowances provided or to be provided for such comparable space, and taking into account the value, if any, of the existing improvements in the subject space, such value to be based upon the age, condition, design, quality of finishes and layout of the improvements and the extent to which the same can be utilized by a general office/lab user other than Tenant; and (c) other reasonable monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the Fair Rental Value, no consideration shall be given to the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its right to extend the Lease Term, or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space. The Concessions shall be reflected in the effective rental rate (which effective rental rate shall take into consideration the total dollar value of such Concessions as amortized on a straight-line basis over the applicable term of the Comparable Transaction (in which case such Concessions evidenced in the effective rental rate shall not be granted to Tenant)) payable by Tenant. The term "Comparable Buildings" shall mean the Building and those other life sciences buildings which are comparable to the Building in terms of age (based upon the date of completion of construction or major renovation of to the building), quality of construction, level of services and amenities, size and appearance, and are located in South San Francisco, California and the surrounding commercial area.

2.2.3 **Determination of Option Rent**. In the event Tenant timely and appropriately exercises an option to extend the Lease Term, Landlord shall notify Tenant of Landlord's determination of the Option Rent within thirty (30) days thereafter. If Tenant, on or before the date which is ten (10) days following the date upon which Tenant receives Landlord's determination of the Option Rent, in good faith objects to Landlord's determination of the Option Rent, then Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) days following Tenant's objection to the Option Rent (the "**Outside Agreement Date**"), then Tenant shall have the right to withdraw its exercise of the option by delivering written notice thereof to Landlord within five (5) days thereafter, in which event Tenant's right to extend the Lease pursuant to this Section 2.2 shall be of no further force or effect. If Tenant does not withdraw its exercise of the extension option, each party shall make a separate determination of the Option Rent, as the case may be, within ten (10) days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Sections 2.2.3.1 through 2.2.3.7, below. If Tenant fails to object to Landlord's determination of the Option Rent within the time period set forth herein, then Tenant shall be deemed to have objected to Landlord's determination of Option Rent.

2.2.3.1 Landlord and Tenant shall each appoint one arbitrator who shall be a real estate appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the appraisal of other class A life sciences buildings located in the South San Francisco market area. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Option Rent, taking into account the requirements of Section 2.2.2 of this Lease, as determined by the arbitrators. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date. Landlord and Tenant may consult with their selected arbitrators prior to appointment and may select an arbitrator who is favorable to their respective positions. The arbitrators so selected by Landlord and Tenant shall be deemed "**Advocate Arbitrators.**"

2.2.3.2 The two (2) Advocate Arbitrators so appointed shall be specifically required pursuant to an engagement letter within ten (10) days of the date of the appointment of the last appointed Advocate Arbitrator to agree upon and appoint a third arbitrator ("**Neutral Arbitrator**") who shall be qualified under the same criteria set forth hereinabove for qualification of the two Advocate Arbitrators, except that neither the Landlord or Tenant or either parties' Advocate Arbitrator may, directly or indirectly, consult with the Neutral Arbitrator prior or subsequent to his or her appearance. The Neutral Arbitrator shall be retained via an engagement letter jointly prepared by Landlord's counsel and Tenant's counsel.

2.2.3.3 The three arbitrators shall, within thirty (30) days of the appointment of the Neutral Arbitrator, reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent, and shall notify Landlord and Tenant thereof.

2.2.3.4 The decision of the majority of the three arbitrators shall be binding upon Landlord and Tenant.

2.2.3.5 If either Landlord or Tenant fails to appoint an Advocate Arbitrator within fifteen (15) days after the Outside Agreement Date, then either party may petition the presiding judge of the Superior Court of San Mateo County to appoint such Advocate Arbitrator subject to the criteria in Section 2.2.3.1 of this Lease, or if he or she refuses to act, either party may petition any judge having jurisdiction over the parties to appoint such Advocate Arbitrator.

2.2.3.6 If the two (2) Advocate Arbitrators fail to agree upon and appoint the Neutral Arbitrator, then either party may petition the presiding judge of the Superior Court of San Mateo County to appoint the Neutral Arbitrator, subject to criteria in Section 2.2.3.1 of this Lease, or if he or she refuses to act, either party may petition any judge having jurisdiction over the parties to appoint such arbitrator.

2.2.3.7 The cost of the arbitration shall be paid by Landlord and Tenant equally.

2.2.3.8 In the event that the Option Rent shall not have been determined pursuant to the terms hereof prior to the commencement of the Option Term, Tenant shall be required to pay the Option Rent initially provided by Landlord to Tenant, and upon the final determination of the Option Rent, the payments made by Tenant shall be reconciled with the actual amounts of Option Rent due, and the appropriate party shall make any corresponding payment to the other party.

3. **BASE RENT**. Tenant shall pay, without prior notice or demand, to Landlord at the address set forth in Section 4 of the Summary, or, at Landlord's option, at such other place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever. The Base Rent for the first full month of the Lease Term shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

4. **ADDITIONAL RENT**.

4.1 **General Terms**.

4.1.1 **Direct Expenses; Additional Rent**. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay "**Tenant's Share**" of the annual "**Direct Expenses**," as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease, respectively, allocable to the Building as described in Section 4.3. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the "**Additional Rent**", and the Base Rent and the Additional Rent are herein collectively referred to as "**Rent**." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term.

4.1.2 **Triple Net Lease**. Landlord and Tenant acknowledge that, to the extent provided in this Lease, it is their intent and agreement that this Lease be a "**TRIPLE NET**" lease and that as such, the provisions contained in this Lease are intended to pass on to Tenant or reimburse Landlord for the costs and expenses reasonably associated with this Lease, the Building and the Project, and Tenant's operation therefrom to the extent provided in this Lease. To the extent such costs and expenses payable by Tenant cannot be charged directly to, and paid by, Tenant, such costs and expenses shall be paid by Landlord but reimbursed by Tenant as Additional Rent.

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 Intentionally Deleted.

4.2.2 "**Direct Expenses**" shall mean "**Operating Expenses**" and "**Tax Expenses**."

4.2.3 "**Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.4 "**Operating Expenses**" shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities, the cost of operating, repairing and maintaining the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which are reasonably likely to increase Operating Expenses during the Lease Term, and the costs incurred in connection with a governmentally mandated transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord in connection with the Project and Premises as reasonably determined by Landlord; (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) the cost of parking area operation, repair, restoration, and maintenance; (vi) management and/or incentive fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project; (vii) payments under any equipment rental agreements; (viii) subject to item (f), below, wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; (ix) costs under any easement pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Project; (xi) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in Common Areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including interest on the unamortized cost) over such period of time as Landlord shall reasonably determine, of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, or to reduce current or future Operating Expenses or to enhance the safety or security of the Project or its occupants, (B) which are required to comply with present or anticipated conservation programs, (C) which are replacements or modifications of nonstructural items located in the Common Areas required to keep the Common Areas in good order or condition, or (D) which are required under any governmental law or regulation; provided, however, that any capital expenditure shall be amortized (including reasonable interest on the amortized cost) over the reasonable useful life of such capital item; and (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "Tax Expenses" as that term is defined in Section 4.2.5, below, and (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building, including, without limitation, any covenants, conditions and restrictions affecting the property, and reciprocal easement agreements affecting the property, any parking licenses, and any agreements with transit agencies affecting the Property (collectively, "Underlying Documents"). Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(a) costs, including legal fees, space planners' fees, advertising and promotional expenses (except as otherwise set forth above), and brokerage fees incurred in connection with the original construction or development, or original or future leasing of the Project, and costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for new tenants initially occupying space in the Project after the Lease Commencement Date or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Project (excluding, however, such costs relating to any common areas of the Project or parking facilities);

(b) except as set forth in items (xii), (xiii), and (xiv) above, depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest;

(c) costs for which the Landlord is reimbursed by any tenant or occupant of the Project or by insurance by its carrier or any tenant's carrier or by anyone else, electric power costs for which any tenant directly contracts with the local public service company and costs of utilities and services provided to other tenants that are not provided to Tenant;

(d) any bad debt loss, rent loss, or reserves for bad debts or rent loss or other reserves to the extent not used in the same year;

(e) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Project (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Project). Costs associated with the operation of the business of the partnership or entity which constitutes the Landlord include costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Project, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants;

(f) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Project manager;

(g) amount paid as ground rental for the Project by the Landlord;

(h) except for a property management fee not to exceed three percent (3%) of gross revenues, overhead and profit increment paid to the Landlord, and any amounts paid to the Landlord or to subsidiaries or affiliates of the Landlord for services in the Project to the extent the same exceeds the costs of such services rendered by qualified, first-class unaffiliated third parties on a competitive basis;

(i) any compensation paid to clerks, attendants or other persons in commercial concessions operated by the Landlord (other than as direct reimbursement for costs which, if incurred directly by Landlord, would properly be included in Operating Expenses);

(j) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment which if purchased the cost of which would be excluded from Operating Expenses as a capital cost, except equipment not affixed to the Project which is used in providing engineering, janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Project;

(k) all items and services for which Tenant or any other tenant in the Project reimburses Landlord or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(l) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(m) rent for any office space occupied by Project management personnel;

(n) costs arising from the gross negligence or willful misconduct of Landlord or its agents, employees or contractors in connection with this Lease;

(o) costs incurred to comply with laws relating to the removal or remediation of hazardous material (as defined under applicable law), and any costs of fines or penalties relating to the presence of hazardous material, in each case to the extent not brought into the Building or Premises by Tenant or any Tenant Parties;

(p) costs to correct any construction defect in the Project or to remedy any violation of a covenant, condition, restriction, underwriter's requirement or law that exists as of the Lease Commencement Date;

(q) capital costs occasioned by casualties or condemnation.

(r) legal fees, accountants' fees (other than normal bookkeeping expenses) and other expenses incurred in connection with disputes of tenants or other occupants of the Project or associated with the enforcement of the terms of any leases with tenants or the defense of Landlord's title to or interest in the Project or any part thereof;

(s) costs incurred due to a violation by Landlord or any other tenant of the Project of the terms and conditions of a lease; and

(t) self-insurance retentions

4.2.5 **Taxes**.

4.2.5.1 "**Tax Expenses**" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax; (iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and (iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises or the improvements thereon.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys' and consultants' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are incurred. Tax refunds shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord upon demand Tenant's Share of any such increased Tax Expenses. Notwithstanding anything to the contrary contained in this Section 4.2.5, there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, transfer taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease, (iv) assessments in excess of the amount which would be payable if such assessment expense were paid in installments over the longest permitted term; (v) taxes imposed on land and improvements other than the Project; and (vi) tax increases resulting from the improvement of any of the Project for the sole use of other occupants.

4.2.6 "**Tenant's Share**" shall mean the percentage set forth in Section 6 of the Summary.

4.3 **Allocation of Direct Expenses**. The parties acknowledge that the Building is a part of a multi-building project and that the costs and expenses incurred in connection with the Project (i.e., the Direct Expenses) should be shared between the Building and the other buildings in the Project. Accordingly, as set forth in Section 4.2 above, Direct Expenses (which consist of Operating Expenses and Tax Expenses) are determined annually for the Project as a whole, and a portion of the Direct Expenses, which portion shall be determined by Landlord on an equitable basis, shall be allocated to the Building (as opposed to other buildings in the Project). Such portion of Direct Expenses allocated to the Building shall include all Direct Expenses attributable solely to the Building and a pro rata portion of the Direct Expenses attributable to the Project as a whole, and shall not include Direct Expenses attributable solely to other buildings in the Project.

4.4 **Calculation and Payment of Additional Rent**. Commencing on the Lease Commencement Date, Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, Tenant's Share of Direct Expenses for each Expense Year during the Lease Term.

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Landlord shall give to Tenant within five (5) months following the end of each Expense Year, a statement (the "Statement") which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of Tenant's Share of Direct Expenses. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, Tenant shall pay, with its next installment of Base Rent due that is at least thirty (30) days thereafter, the full amount of Tenant's Share of Direct Expenses for such Expense Year, less the amounts, if any, paid during such Expense Year as "**Estimated Direct Expenses**," as that term is defined in Section 4.4.2, below, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant's Share of Direct Expenses, Tenant shall receive a credit in the amount of Tenant's overpayment against Rent next due under this Lease. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant

from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, Tenant shall immediately pay to Landlord such amount, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant's Share of Direct Expenses, Landlord shall, within thirty (30) days, deliver a check payable to Tenant in the amount of the overpayment. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term. Notwithstanding the immediately preceding sentence, Tenant shall not be responsible for Tenant's Share of any Direct Expenses attributable to any Expense Year which are first billed to Tenant more than two (2) calendar years after the earlier of the expiration of the applicable Expense Year or the Lease Expiration Date, provided that in any event Tenant shall be responsible for Tenant's Share of Direct Expenses levied by any governmental authority or by any public utility companies at any time following the Lease Expiration Date which are attributable to any Expense Year (provided that Landlord delivers Tenant a bill for such amounts within two (2) years following Landlord's receipt of the bill therefor).

4.4.2 **Statement of Estimated Direct Expenses**. In addition, Landlord shall give Tenant a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated Tenant's Share of Direct Expenses (the "**Estimated Direct Expenses**"). The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Direct Expenses under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Direct Expenses theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, with its next installment of Base Rent due that is at least thirty (30) days thereafter, a fraction of the Estimated Direct Expenses for the then-current Expense Year (reduced by any amounts paid pursuant to the last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Direct Expenses set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible**. Tenant shall be liable for and shall pay ten (10) days before delinquency, taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.6 **Landlord's Books and Records**. Within one hundred twenty (120) days after receipt by Tenant of a Statement, if Tenant disputes the amount of Additional Rent set forth in the Statement, a member of Tenant's finance department, or an independent certified public accountant (which accountant is a member of a nationally recognized accounting firm and is not working on a contingency fee basis) ("**Tenant's Accountant**"), designated and paid for by Tenant, may, after reasonable notice to Landlord and at reasonable times, inspect Landlord's records with respect to the Statement at Landlord's offices, provided that there is no existing Event of Default and Tenant has paid all amounts required to be paid under the applicable Estimate Statement and Statement, as the case may be. In connection with such inspection, Tenant and Tenant's agents must agree in advance to follow Landlord's reasonable rules and

procedures regarding inspections of Landlord's records, and shall execute a commercially reasonable confidentiality agreement regarding such inspection. Tenant's failure to dispute the amount of Additional Rent set forth in any Statement within one hundred twenty (120) days of Tenant's receipt of such Statement shall be deemed to be Tenant's approval of such Statement and Tenant, thereafter, waives the right or ability to dispute the amounts set forth in such Statement. If after such inspection, Tenant still disputes such Additional Rent, a determination as to the proper amount shall be made, at Tenant's expense, by an independent certified public accountant (the "**Accountant**") selected by Landlord and subject to Tenant's reasonable approval; provided that if such Accountant determines that Direct Expenses were overstated by more than five percent (5%), then the cost of the Accountant and the cost of such determination shall be paid for by Landlord, and Landlord shall reimburse Tenant's the cost of the Tenant's Accountant (provided that such cost shall be a reasonable market cost for such services). Tenant hereby acknowledges that Tenant's sole right to inspect Landlord's books and records and to contest the amount of Direct Expenses payable by Tenant shall be as set forth in this Section 4.6, and Tenant hereby waives any and all other rights pursuant to applicable law to inspect such books and records and/or to contest the amount of Direct Expenses payable by Tenant.

5. USE OF PREMISES.

5.1 **Permitted Use**. Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

5.2 **Prohibited Uses**. Tenant further covenants and agrees that Tenant shall not use or permit any person or persons to use, the Premises or any part thereof for any use or purpose in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project) including, without limitation, any such laws, ordinances, regulations or requirements relating to hazardous materials or substances, as those terms are defined by applicable laws now or hereafter in effect. Landlord shall have the right to impose reasonable, nondiscriminatory and customary rules and regulations regarding the use of the Project that do not unreasonably interfere with Tenant's use of the Premises, as reasonably deemed necessary by Landlord with respect to the orderly operation of the Project, and Tenant shall comply with such reasonable rules and regulations. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them or use or allow the Premises to be used for any improper, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with, and Tenant's rights and obligations under the Lease and Tenant's use of the Premises shall be subject and subordinate to, all recorded easements, covenants, conditions, and restrictions now or hereafter affecting the Project, so long as the same do not unreasonably interfere with Tenant's use of the Premises or parking rights or materially increase Tenant's obligations or decrease Tenant's rights under this Lease.

5.3 **Hazardous Materials**.

5.3.1 **Tenant's Obligations**.

5.3.1.1 **Prohibitions**. As a material inducement to Landlord to enter into this Lease with Tenant, Tenant has fully and accurately completed Landlord's Pre-Leasing Environmental Exposure Questionnaire (the "**Environmental Questionnaire**"), which is attached as **Exhibit E**. Tenant agrees that except for those chemicals or materials, and their respective quantities, specifically listed on the Environmental Questionnaire (as the same may be updated from time to time as provided below),

neither Tenant nor Tenant's employees, contractors and subcontractors of any tier, entities with a contractual relationship with Tenant (other than Landlord), or any entity acting as an agent or sub-agent of Tenant (collectively, "**Tenant's Agents**") will produce, use, store or generate any "Hazardous Materials," as that term is defined below, on, under or about the Premises, nor cause any Hazardous Material to be brought upon, placed, stored, manufactured, generated, blended, handled, recycled, used or "Released," as that term is defined below, on, in, under or about the Premises. If any information provided to Landlord by Tenant on the Environmental Questionnaire, or otherwise relating to information concerning Hazardous Materials is intentionally false, incomplete, or misleading in any material respect, the same shall be deemed a default by Tenant under this Lease. Upon Landlord's request, or in the event of any material change in Tenant's use of Hazardous Materials in the Premises, Tenant shall deliver to Landlord an updated Environmental Questionnaire at least once a year. Tenant shall notify Landlord prior to using any Hazardous Materials in the Premises not described on the initial Environmental Questionnaire, and, to the extent such use would, in Landlord's reasonable judgment, cause a material increase in the risk of liability compared to the uses previously allowed in the Premises, such additional use shall be subject to Landlord's prior consent, which may be withheld in Landlord's reasonable discretion. Tenant shall not install or permit Tenant's Agents to install any underground storage tank on the Premises. For purposes of this Lease, "**Hazardous Materials**" means all flammable explosives, petroleum and petroleum products, waste oil, radon, radioactive materials, toxic pollutants, asbestos, polychlorinated biphenyls ("**PCBs**"), medical waste, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, including without limitation any chemical, element, compound, mixture, solution, substance, object, waste or any combination thereof, which is or may be hazardous to human health, safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosiveness, toxicity, carcinogenicity, infectiousness or other harmful or potentially harmful properties or effects, or defined as, regulated as or included in, the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any Environmental Laws. For purposes of this Lease, "**Release**" or "**Released**" or "**Releases**" shall mean any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing, or other movement of Hazardous Materials into the environment. Landlord acknowledges that Tenant will be installing and using fume hoods in the Premises and that emissions of Hazardous Materials into the air in compliance with all Environmental Laws shall not be considered Releases.

5.3.1.2 **Notices to Landlord**. Tenant shall notify Landlord in writing as soon as possible but in no event later than five (5) days after (i) the occurrence of any actual, alleged or threatened Release of any Hazardous Material in, on, under, from, about or in the vicinity of the Premises (whether past or present), regardless of the source or quantity of any such Release, or (ii) Tenant becomes aware of any regulatory actions, inquiries, inspections, investigations, directives, or any cleanup, compliance, enforcement or abatement proceedings (including any threatened or contemplated investigations or proceedings) relating to or potentially affecting the Premises, or (iii) Tenant becomes aware of any claims by any person or entity relating to any Hazardous Materials in, on, under, from, about or in the vicinity of the Premises, whether relating to damage, contribution, cost recovery, compensation, loss or injury. Collectively, the matters set forth in clauses (i), (ii) and (iii) above are hereinafter referred to as "**Hazardous Materials Claims**". Tenant shall promptly forward to Landlord copies of all orders, notices, permits, applications and other communications and reports in connection with any Hazardous Materials Claims. Additionally, Tenant shall promptly advise Landlord in writing of Tenant's discovery of any occurrence or condition on, in, under or about the Premises that could subject Tenant or Landlord to any liability, or restrictions on ownership, occupancy, transferability or use of the Premises under any "**Environmental Laws**," as that term is defined below. Tenant shall not enter into any legal proceeding or other action, settlement, consent decree or other compromise with respect to any Hazardous Materials Claims without first notifying Landlord of Tenant's intention to do so and affording Landlord the opportunity to join and participate, as a party if Landlord so elects, in such proceedings and in no event

shall Tenant enter into any agreements which are binding on Landlord or the Premises without Landlord's prior written consent. Landlord shall have the right to appear at and participate in, any and all legal or other administrative proceedings concerning any Hazardous Materials Claim. For purposes of this Lease, "Environmental Laws" means all applicable present and future laws relating to the protection of human health, safety, wildlife or the environment, including, without limitation, (i) all requirements pertaining to reporting, licensing, permitting, investigation and/or remediation of emissions, discharges, Releases, or threatened Releases of Hazardous Materials, whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Materials; and (ii) all requirements pertaining to the health and safety of employees or the public. Environmental Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC § 9601, et seq., the Hazardous Materials Transportation Authorization Act of 1994, 49 USC § 5101, et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, and Hazardous and Solid Waste Amendments of 1984, 42 USC § 6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 USC § 1251, et seq., the Clean Air Act of 1966, 42 USC § 7401, et seq., the Toxic Substances Control Act of 1976, 15 USC § 2601, et seq., the Safe Drinking Water Act of 1974, 42 USC §§ 300f through 300j, the Occupational Safety and Health Act of 1970, as amended, 29 USC § 651 et seq., the Oil Pollution Act of 1990, 33 USC § 2701 et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 USC § 11001 et seq., the National Environmental Policy Act of 1969, 42 USC § 4321 et seq., the Federal Insecticide, Fungicide and Rodenticide Act of 1947, 7 USC § 136 et seq., California Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health & Safety Code §§ 25300 et seq., Hazardous Materials Release Response Plans and Inventory Act, California Health & Safety Code, §§ 25500 et seq., Underground Storage of Hazardous Substances provisions, California Health & Safety Code, §§ 25280 et seq., California Hazardous Waste Control Law, California Health & Safety Code, §§ 25100 et seq., and any other state or local law counterparts, as amended, as such applicable laws, are in effect as of the Lease Commencement Date, or thereafter adopted, published, or promulgated.

5.3.1.3 **Releases of Hazardous Materials**. If any Release of any Hazardous Material in, on, under, from or about the Premises shall occur at any time during the Lease by Tenant or Tenant's Agents, in addition to notifying Landlord as specified above, Tenant, at its own sole cost and expense, shall (i) immediately comply with any and all reporting requirements imposed pursuant to any and all Environmental Laws, (ii) provide a written certification to Landlord indicating that Tenant has complied with all applicable reporting requirements, (iii) take any and all necessary investigation, corrective and remedial action in accordance with any and all applicable Environmental Laws, utilizing an environmental consultant approved by Landlord, all in accordance with the provisions and requirements of this Section 5.3, including, without limitation, Section 5.3.4, and (iv) take any such additional investigative, remedial and corrective actions as Landlord shall in its reasonable discretion deem necessary such that the Premises are remediated to the condition existing prior to such Release.

5.3.1.4 **Indemnification**.

5.3.1.4.1 **In General**. Without limiting in any way Tenant's obligations under any other provision of this Lease, Tenant shall be solely responsible for and shall protect, defend, indemnify and hold the Landlord Parties harmless from and against any and all claims, judgments, losses, damages, costs, expenses, penalties, enforcement actions, taxes, fines, remedial actions, liabilities (including, without limitation, actual attorneys' fees, litigation, arbitration and administrative proceeding costs, expert and consultant fees and laboratory costs) including, without limitation, consequential damages and sums paid in settlement of claims, which arise during or after the Lease Term, whether foreseeable or unforeseeable, that arise during or after the Lease Term in whole or in part, foreseeable or unforeseeable, directly or indirectly arising out of or attributable to the Release of Hazardous Materials in, on, under or about the Premises by Tenant or Tenant's Agents.

5.3.1.4.2 **Limitations**. Notwithstanding anything in Section 5.3.1.4, above, to the contrary, Tenant's indemnity of Landlord as set forth in Section 5.3.1.4, above, shall not be applicable to claims based upon Hazardous Materials not Released by Tenant or Tenant's Agents.

5.3.1.4.3 **Landlord Indemnity**. Under no circumstance shall Tenant be liable for, and Landlord shall indemnify, defend, protect and hold harmless Tenant and Tenant's Agents from and against, all losses, costs, claims, liabilities and damages (including attorneys' and consultants' fees) arising out of any Hazardous Materials that exist in, on or about the Project as of the date hereof, or Hazardous Material Released by Landlord or any Landlord Parties. Landlord will provide Tenant with any Hazardous Material reports relating to the Building that Landlord has in its immediate possession. The provision of such reports shall be for informational purposes only, and Landlord does not make any representation or warranty as to the correctness or completeness of any such reports.

5.3.1.5 **Compliance with Environmental Laws**. Without limiting the generality of Tenant's obligation to comply with applicable laws as otherwise provided in this Lease, Tenant shall, at its sole cost and expense, comply with all Environmental Laws related to the use of Hazardous Materials by Tenant and Tenant's Agents. Tenant shall obtain and maintain any and all necessary permits, licenses, certifications and approvals appropriate or required for the use, handling, storage, and disposal of any Hazardous Materials used, stored, generated, transported, handled, blended, or recycled by Tenant on the Premises. Landlord shall have a continuing right, without obligation, to require Tenant to obtain, and to review and inspect any and all such permits, licenses, certifications and approvals, together with copies of any and all Hazardous Materials management plans and programs, any and all Hazardous Materials risk management and pollution prevention programs, and any and all Hazardous Materials emergency response and employee training programs respecting Tenant's use of Hazardous Materials. Upon request of Landlord, Tenant shall deliver to Landlord a narrative description explaining the nature and scope of Tenant's activities involving Hazardous Materials and showing to Landlord's satisfaction compliance with all Environmental Laws and the terms of this Lease.

5.3.2 **Assurance of Performance**.

5.3.2.1 **Environmental Assessments In General**. Landlord may, but shall not be required to, engage from time to time such contractors as Landlord determines to be appropriate (and which are reasonably acceptable to Tenant) to perform environmental assessments of a scope reasonably determined by Landlord (an "**Environmental Assessment**") to ensure Tenant's compliance with the requirements of this Lease with respect to Hazardous Materials.

5.3.2.2 **Costs of Environmental Assessments**. All costs and expenses incurred by Landlord in connection with any such Environmental Assessment initially shall be paid by Landlord; provided that if any such Environmental Assessment shows that Tenant has failed to comply with the provisions of this Section 5.3, then all of the costs and expenses of such Environmental Assessment shall be reimbursed by Tenant as Additional Rent within thirty (30) days after receipt of written demand therefor.

5.3.3 **Tenant's Obligations upon Surrender**. At the expiration or earlier termination of the Lease Term, Tenant, at Tenant's sole cost and expense, shall: (i) cause an Environmental Assessment of the Premises to be conducted in accordance with Section 15.3; (ii) cause all Hazardous Materials brought onto the Premises by Tenant or Tenant's Agents to be removed from the Premises and disposed of in accordance with all Environmental Laws and as necessary to allow the Premises to be used for the purposes allowed as of the date of this Lease; and (iii) cause to be removed all containers installed or used by Tenant or Tenant's Agents to store any Hazardous Materials on the Premises, and cause to be repaired any damage to the Premises caused by such removal.

5.3.4 **Clean-up**.

5.3.4.1 **Environmental Reports; Clean-Up**. If any written report, including any report containing results of any Environmental Assessment (an "Environmental Report") shall indicate (i) the presence of any Hazardous Materials as to which Tenant has a removal or remediation obligation under this Section 5.3, and (ii) that as a result of same, the investigation, characterization, monitoring, assessment, repair, closure, remediation, removal, or other clean-up (the "**Clean-up**") of any Hazardous Materials is required, Tenant shall immediately prepare and submit to Landlord within thirty (30) days after receipt of the Environmental Report a comprehensive plan, subject to Landlord's written approval, specifying the actions to be taken by Tenant to perform the Clean-up so that the Premises are restored to the conditions required by this Lease. Upon Landlord's approval of the Clean-up plan, Tenant shall, at Tenant's sole cost and expense, without limitation on any rights and remedies of Landlord under this Lease, immediately implement such plan with a consultant reasonably acceptable to Landlord and proceed to Clean-Up Hazardous Materials in accordance with all applicable laws. If, within thirty (30) days after receiving a copy of such Environmental Report, Tenant fails either (a) to complete such Clean-up, or (b) with respect to any Clean-up that cannot be completed within such thirty-day period, fails to proceed with diligence to prepare the Clean-up plan and complete the Clean-up as promptly as practicable, then Landlord shall have the right, but not the obligation, and without waiving any other rights under this Lease, to carry out any Clean-up recommended by the Environmental Report or required by any governmental authority having jurisdiction over the Premises, and recover all of the costs and expenses thereof from Tenant as Additional Rent, payable within ten (10) days after receipt of written demand therefor.

5.3.4.2 **No Rent Abatement**. Tenant shall continue to pay all Rent due or accruing under this Lease during any Clean-up, and shall not be entitled to any reduction, offset or deferral of any Base Rent or Additional Rent due or accruing under this Lease during any such Clean-up.

5.3.4.3 **Surrender of Premises**. Tenant shall complete any Clean-up prior to surrender of the Premises upon the expiration or earlier termination of this Lease. Tenant shall obtain and deliver to Landlord a letter or other written determination from the overseeing governmental authority confirming that the Clean-up has been completed in accordance with all requirements of such governmental authority and that no further response action of any kind is required for the unrestricted use of the Premises ("**Closure Letter**"). Upon the expiration or earlier termination of this Lease, Tenant shall also be obligated to close all permits obtained in connection with Hazardous Materials used by Tenant or Tenant's Agents in accordance with applicable laws.

5.3.4.4 **Failure to Timely Clean-Up**. Should any Clean-up for which Tenant is responsible not be completed, or should Tenant not receive the Closure Letter and any governmental approvals required under Environmental Laws in conjunction with such Clean-up prior to the expiration or earlier termination of this Lease, then, commencing on the later of the termination of this Lease and three (3) business days after Landlord's delivery of notice of such failure and that it elects to treat such failure as a holdover, Tenant shall be liable to Landlord as a holdover tenant (as more particularly provided in Article 16) until Tenant has fully complied with its obligations under this Section 5.3.

5.3.5 **Confidentiality**. Unless compelled to do so by applicable law, Tenant agrees that Tenant shall not disclose, discuss, disseminate or copy any information, data, findings, communications, conclusions and reports regarding the environmental condition of the Premises to any Person (other than Tenant's consultants, attorneys, property managers, employees, shareholders and potential and actual investors, lenders, business and merger partners, subtenants and assignees that have a need to know such information), including any governmental authority, without the prior written consent of Landlord. In the event Tenant reasonably believes that disclosure is compelled by applicable law, it shall provide Landlord ten (10) days' advance notice of disclosure of confidential information so that Landlord may attempt to obtain a protective order. Tenant may additionally release such information to bona fide prospective purchasers or lenders, subject to any such parties' written agreement to be bound by the terms of this Section 5.3.

5.3.6 **Copies of Environmental Reports**. Within thirty (30) days of receipt thereof, Tenant shall provide Landlord with a copy of any and all environmental assessments, audits, studies and reports regarding Tenant's activities with respect to the Premises, or ground water beneath the Land, or the environmental condition or Clean-up thereof. Tenant shall be obligated to provide Landlord with a copy of such materials without regard to whether such materials are generated by Tenant or prepared for Tenant, or how Tenant comes into possession of such materials.

5.3.7 **Signs, Response Plans, Etc**. Tenant shall be responsible for posting on the Premises any signs required under applicable Environmental Laws with respect to the use of Hazardous Materials by Tenant or Tenant's Agents. Tenant shall also complete and file any business response plans or inventories required by any applicable laws. Tenant shall concurrently file a copy of any such business response plan or inventory with Landlord.

5.3.8 **Survival**. Each covenant, agreement, representation, warranty and indemnification made by Tenant set forth in this Section 5.3 shall survive the expiration or earlier termination of this Lease and shall remain effective until all of Tenant's obligations under this Section 5.3 have been completely performed and satisfied.

6. **SERVICES AND UTILITIES**.

6.1 **In General**. Landlord will be responsible, at Tenant's sole cost and expense (subject to the terms of Section 4.2.4, above), for the furnishing of heating, ventilation and air-conditioning, electricity, water, and interior Building security services to the Premises. Landlord shall not provide janitorial or telephone services for the Premises. Tenant shall be solely responsible for performing all janitorial services and other cleaning of the Premises, all in compliance with applicable laws. The janitorial and cleaning of the Premises shall be adequate to maintain the Premises in a manner consistent with First Class Life Sciences Projects.

Tenant shall cooperate fully with Landlord at all times and abide by all reasonable regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems. Provided that Landlord agrees to provide and maintain and keep in continuous service utility connections to the Project, including electricity, water and sewage connections, Landlord shall have no obligation to provide any services or utilities to the Building, including, but not limited to heating, ventilation and air-conditioning, electricity, water, telephone, janitorial and interior Building security services, except as set forth in this Section 6.1, above.

6.2 **Tenant Payment of Utilities Costs**. After the Lease Commencement Date, to the extent that any utilities (including without limitation, electricity, gas, sewer and water) to the Building are separately metered or sub-metered to the Premises, such utilities shall either be contracted for and paid directly by Tenant to the applicable utility provider, or reimbursed by Tenant to Landlord within thirty (30) days after billing. After the Lease Commencement Date, to the extent that any utilities (including without limitation, electricity, gas, sewer and water) to the Building are not separately metered to the Premises, then Tenant shall pay to Landlord, within thirty (30) days after billing, an equitable portion of the Building utility costs, based on Tenant's proportionate use thereof. In connection with the foregoing, Landlord shall install separate meters on the Building Systems as a part of Landlord's construction of the Base Building, and Tenant shall install separate meters on the systems installed in the Premises as part of the Tenant Improvements pursuant to the Work Letter.

6.3 **Interruption of Use**. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service or utility (including, without limitation, telephone and telecommunication services, UPS services, or other laboratory services or utilities), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Notwithstanding the foregoing, Landlord may be liable for damages to the extent caused by the negligence or willful misconduct of Landlord or the Landlord Parties, provided that Landlord shall not be liable under any circumstances for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6.

6.4 **Energy Performance Disclosure Information**. Tenant hereby acknowledges that Landlord may be required to disclose certain information concerning the energy performance of the Building pursuant to California Public Resources Code Section 25402.10 and the regulations adopted pursuant thereto (collectively the "**Energy Disclosure Requirements**"). Tenant hereby acknowledges prior receipt of the Data Verification Checklist, as defined in the Energy Disclosure Requirements (the "**Energy Disclosure Information**"), and agrees that Landlord has timely complied in full with Landlord's obligations under the Energy Disclosure Requirements. Tenant acknowledges and agrees that (i) Landlord makes no representation or warranty regarding the energy performance of the Building or the accuracy or completeness of the Energy Disclosure Information, (ii) the Energy Disclosure Information is for the current occupancy and use of the Building and that the energy performance of the Building may vary depending on future occupancy and/or use of the Building, and (iii) Landlord shall have no liability to Tenant for any errors or omissions in the Energy Disclosure Information. If and to the extent not prohibited by applicable laws, Tenant hereby waives any right Tenant may have to receive the Energy Disclosure Information, including, without limitation, any right Tenant may have to terminate this Lease as a result of Landlord's failure to disclose such information. Further, Tenant hereby releases Landlord from any and all losses, costs, damages, expenses and/or liabilities relating to, arising out of and/or resulting from the Energy Disclosure Requirements, including, without limitation, any liabilities arising as a result of Landlord's failure to disclose the Energy Disclosure Information to Tenant prior to the execution of this Lease. Tenant's acknowledgment of the AS-IS condition of the Premises pursuant to the terms of this Lease shall be deemed to include the energy performance of the Building. Tenant further acknowledges that pursuant to the Energy Disclosure Requirements, Landlord may be required in the future to disclose information concerning Tenant's energy usage to certain third parties, including, without limitation, prospective purchasers, lenders and tenants of the Building (the "**Tenant Energy Use Disclosure**"). Tenant hereby (A) consents to all such Tenant Energy Use Disclosures, and (B) acknowledges that Landlord shall not be required to notify Tenant of any Tenant Energy Use Disclosure.

Further, Tenant hereby releases Landlord from any and all losses, costs, damages, expenses and liabilities relating to, arising out of and/or resulting from any Tenant Energy Use Disclosure. The terms of this Section 6.3 shall survive the expiration or earlier termination of this Lease.

6.5 **Existing Generator**. Commencing on the Lease Commencement Date, Tenant shall have the right to connect to the Building back-up generator, which Landlord shall install as part of Landlord's Work (the "**Generator**"), for Tenant's Share of the Generator's capacity to provide back-up generator services to the Premises. During the Lease Term, Landlord shall maintain the Generator in good condition and repair, and Tenant shall be responsible for a share of the costs of such maintenance and repair based on the proportion of the Generator capacity allocated to the Premises. Notwithstanding the foregoing, Landlord shall not be liable for any damages whatsoever resulting from any failure in operation of the Generator, or the failure of the Generator to provide suitable or adequate back-up power to the Premises, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring, or loss to inventory, scientific research, scientific experiments, laboratory animals, products, specimens, samples, and/or scientific, business, accounting and other records of every kind and description kept at the Premises and any and all income derived or derivable therefrom.

6.6 **Chemical Storage Room**. Tenant shall have the right to utilize storage space in the chemical storage room to be constructed by Landlord in the Building pursuant to **Schedule 1 to Exhibit B** (the "**Chemical Storage Room**"), for up to Tenant's Share of the Chemical Storage Room's storage capacity, provided that Tenant shall be responsible for providing any equipment or modifications (e.g., (self-contained bunkers, dedicated exhaust, additional fire rating, etc.) to support Tenant's specific usage. During the Lease Term, Landlord shall maintain the Chemical Storage Room in good condition and repair, and Tenant shall be responsible for a share of the costs of such maintenance and repair based on the proportion of the capacity of the Chemical Storage Room allocated to Tenant's use (subject to the provisions of Section 4.2.4 above). Notwithstanding the foregoing, Landlord shall not be liable for any damages whatsoever resulting from any failure in operation of the Chemical Storage Room, or the failure of the Chemical Storage Room to provide suitable or adequate storage of Tenant's chemicals, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring, or loss to inventory, scientific research, scientific experiments, laboratory animals, products, specimens, samples, and/or scientific, business, accounting and other records of every kind and description kept at the Chemical Storage Room or the Premises and any and all income derived or derivable therefrom.

7. **REPAIRS**.

7.1 **Tenant Repair Obligations**. Tenant shall, throughout the Term, at its sole cost and expense, maintain, repair or replace as required, the Premises in a good standard of maintenance, repair and replacement as required, and in good and sanitary condition, all in accordance with the standards of First Class Life Sciences Projects, except for the Landlord Repair Obligations, whether or not such maintenance, repair, replacement or improvement is required in order to comply with applicable Laws ("**Tenant's Repair Obligations**"), including without limitation, all electrical facilities and equipment, including lighting fixtures, lamps, fans and any exhaust equipment and systems, electrical motors and all other appliances and equipment of every kind and nature located in the Premises; all communications systems serving the Premises; all of Tenant's security systems in or about or serving the Premises; Tenant's signage; interior demising walls and partitions (including painting and wall coverings), equipment, floors. Tenant shall additionally be responsible, at Tenant's sole cost and expense, to furnish all expendables, including light bulbs, paper goods and soaps, used in the Premises.

7.2 **Landlord Repair Obligations**. Landlord shall be responsible, as a part of Operating Expenses, for repairs to and routine maintenance of the Building including without limitation: (1) exterior windows, window frames, window casements (including the repairing, resealing, cleaning and replacing of exterior windows); (2) exterior doors, door frames and door closers; (3) the Building (as opposed to the Premises) and Project plumbing, sewer, drainage, electrical, fire protection, life safety and security systems and equipment, existing heating, ventilation and air-conditioning systems, and all other mechanical and HVAC systems and equipment (collectively, the "**Building Systems**"), (4) the exterior glass, exterior walls, foundation and roof of the Building, the structural portions of the floors of the Building, including, without limitation, any painting, sealing, patching and waterproofing of exterior walls, and (5) repairs to the elevator in the Building and underground utilities, except to the extent that any such repairs are required due to the negligence or willful misconduct of Tenant (the "**Landlord Repair Obligations**"); provided, however, that if such repairs are due to the negligence or willful misconduct of Tenant, Landlord shall nevertheless make such repairs at Tenant's expense, or, if covered by Landlord's insurance, Tenant shall only be obligated to pay any deductible in connection therewith. Costs expended by Landlord in connection with the Landlord Repair Obligations shall be included in Operating Expenses to the extent allowed pursuant to the terms of Article 4, above. Landlord shall cooperate with Tenant to enforce any warranties that Landlord holds that could reduce Tenant's maintenance obligations under this Lease.

7.3 **Tenant's Right to Make Repairs**. Notwithstanding any provision to the contrary contained in this Lease, if Tenant provides written notice to Landlord of an event or circumstance which requires the action of Landlord under this Lease with respect to repair and/or maintenance required in the Premises, including repairs to the portions of the Building located within the Premises that are Landlord's responsibility under Section 7.4 (the "**Base Building**"), which event or circumstance with respect to the Base Building materially and adversely affects the conduct of Tenant's business from the Premises, and Landlord fails to commence corrective action within a reasonable period of time, given the circumstances, after the receipt of such notice, but in any event not later than thirty (30) days after receipt of said notice (unless Landlord's obligation cannot reasonably be performed within thirty (30) days, in which event Landlord shall be allowed additional time as is reasonably necessary to perform the obligation so long as Landlord begins performance within the initial thirty (30) days and diligently pursues performance to completion), or, in the event of an Emergency (as defined below), not later than five (5) business days after receipt of such notice, then Tenant shall have the right to undertake such actions as may be reasonably necessary to make such repairs if Landlord thereafter fails to commence corrective action within five (5) business days following Landlord's receipt of a second written notice from Tenant specifying that Tenant will undertake such actions if Landlord fails to timely do so (provided that such notice shall include the following language in bold, capitalized text: "**IF LANDLORD FAILS TO COMMENCE THE REPAIRS DESCRIBED IN THIS LETTER WITHIN FIVE (5) BUSINESS DAYS FROM LANDLORD'S RECEIPT OF THIS LETTER, TENANT WILL PERFORM SUCH REPAIRS AT LANDLORD'S EXPENSE**"; provided, however, that in no event shall Tenant undertake any actions that could materially or adversely affect the Base Building. Notwithstanding the foregoing, in the event of an Emergency, no second written notice shall be required as long as Tenant advises Landlord in the first written notice of Tenant's intent to perform such Emergency repairs if Landlord does not commence the same within such five (5) business day period, utilizing the language required in second notices. If such action was required under the terms of this Lease to be taken by Landlord and was not commenced by Landlord within such five (5) business day period and thereafter diligently pursued to completion, then Tenant shall be entitled to prompt reimbursement by Landlord of the reasonable out-of-pocket third-party costs and expenses actually incurred by Tenant in taking such action. If Tenant undertakes such corrective actions pursuant to this Section 7.3, then (a) the insurance and indemnity provisions set forth in this Lease shall apply to Tenant's performance of such corrective actions, (b) Tenant shall proceed in accordance with all applicable laws, (c) Tenant shall retain to perform such corrective actions only such reputable contractors and suppliers as are duly licensed and qualified,

(d) Tenant shall effect such repairs in a good and workmanlike and commercially reasonable manner, (e) Tenant shall use new or like new materials, and (f) Tenant shall take reasonable efforts to minimize any material interference or impact on the other tenants and occupants of the Building. Promptly following completion of any work taken by Tenant pursuant to the terms of this Section 7.5, Tenant shall deliver a detailed invoice of the work completed, the materials used and the costs relating thereto, and Landlord shall reimburse Tenant the amounts expended by Tenant in connection with such work, provided that Landlord shall have the right to object if Landlord claims that such action did not have to be taken by Landlord pursuant to the terms of this Lease or that the charges are excessive (in which case Landlord shall pay the amount it contends would not have been excessive). For purposes of this Section 7.5, an "**Emergency**" shall mean an event threatening immediate and material danger to people located in the Building or immediate, material damage to the Building, Base Building, or creating a realistic possibility of an immediate and material interference with, or immediate and material interruption of a material aspect of Tenant's business operations.

8. **ADDITIONS AND ALTERATIONS**.

8.1 **Landlord's Consent to Alterations**. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than ten (10) business days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations following ten (10) business days' notice to Landlord (as to Alterations costing more than $10,000 only), but without Landlord's prior consent, to the extent that such Alterations (i) do not affect the building systems or equipment (other than minor changes such as adding or relocating electrical outlets and thermostats), (ii) are not visible from the exterior of the Building, and (iii) cost less than $50,000.00 for a particular job of work. The construction of the Tenant Improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8.

8.2 **Manner of Construction**. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that upon Landlord's request, Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination of the Lease Term. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the city in which the Building is located (or other applicable governmental authority). Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. Upon completion of any Alterations, Tenant shall deliver to Landlord final lien waivers from all contractors, subcontractors and materialmen who performed such work. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of San Mateo in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Project construction manager a reproducible copy of the "**as built**" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements**. In connection with any Alterations that affect the Building systems (other than minor changes such as adding or relocating electrical outlets and thermostats), or which have a cost in excess of $100,000, Tenant shall reimburse Landlord for Landlord's reasonable, actual, out-of-pocket costs and expenses actually incurred in connection with Landlord's review of such work.

8.4 **Construction Insurance**. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant or Tenant's contractor carries "**Builder's All Risk**" insurance (to the extent that the cost of such work shall exceed $50,000) in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Landlord pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Tenant's contractors and subcontractors shall be required to carry Commercial General Liability Insurance in an amount approved by Landlord and otherwise in accordance with the requirements of Article 10 of this Lease. In connection with Alterations with a cost in excess of $250,000, Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Landlord's Property**. All Alterations, improvements, fixtures, equipment and/or appurtenances which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and all Alterations and improvements, shall be and become the property of Landlord and remain in place at the Premises following the expiration or earlier termination of this Lease. Notwithstanding the foregoing, Landlord may, by written notice to Tenant given at the time it consents to an Alteration, require Tenant, at Tenant's expense, to remove any Alterations within the Premises and to repair any damage to the Premises and Building caused by such removal. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations, Landlord may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease. Notwithstanding the foregoing, except to the extent the same are paid for by the Tenant Improvement Allowance, the items set forth in **Exhibit F** attached hereto (the "Tenant's Property") shall at all times be and remain Tenant's property. **Exhibit F** may be updated from time to time by agreement of the parties. Tenant may remove the Tenant's Property from the Premises at any time, provided that Tenant repairs all damage caused by such removal. Landlord shall have no lien or other interest in the Tenant's Property.

9. COVENANT AGAINST LIENS. Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Except as to Alterations as to which no notice is required under the second sentence of Section 8.1, Tenant shall give Landlord notice at least ten (10) business days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under applicable laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility (to the extent applicable pursuant to then applicable laws). Tenant shall remove any such lien or encumbrance by bond or otherwise within ten (10) business days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof.

10. **INSURANCE**.

10.1 **Indemnification and Waiver**. Except as provided in Section 10.5 or to the extent due to the negligence, willful misconduct or violation of this Lease by Landlord or the Landlord Parties, Tenant hereby assumes all risk of damage to property in, upon or about the Premises from any cause whatsoever (including, but not limited to, any personal injuries resulting from a slip and fall in, upon or about the Premises) and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in, on or about the Premises (including, but not limited to, a slip and fall), any acts, omissions or negligence of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or licensees of Tenant or any such person, in, on or about the Project or any breach of the terms of this Lease, either prior to, during, or after the expiration of the Lease Term, provided that the terms of the foregoing indemnity and release shall not apply to the negligence or willful misconduct of Landlord or its agents, employees, contractors, licensees or invitees, or Landlord's violation of this Lease. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as reasonable appraisers', accountants' and attorneys' fees. Notwithstanding anything to the contrary in this Lease, Landlord shall not be released or indemnified from, and shall indemnify, defend, protect and hold harmless Tenant from, all losses, damages, liabilities, claims, attorneys' fees, costs and expenses arising from the gross negligence or willful misconduct of Landlord or its agents, contractors, licensees or invitees, or a violation of Landlord's obligations or representations under this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2 **Tenant's Compliance With Landlord's Property Insurance**. Landlord shall insure the Building, Tenant Improvements and any Alterations during the Lease Term against loss or damage under an "all risk" property insurance policy. Such coverage shall be in such amounts, from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine. Additionally, at the option of Landlord, such insurance coverage may include the risks of earthquakes and/or flood damage and additional hazards, a rental loss endorsement and one or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Building or the ground or underlying lessors of the Building, or any portion thereof. The costs of such insurance shall be included in Operating Expenses, subject to the terms of Section 4.2.4. Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body. Notwithstanding anything to the contrary in this Lease, Tenant shall not be required to comply with or cause the Premises to comply with any laws, rules, regulations or insurance requirements requiring the construction of alterations unless such compliance is necessitated solely due to Tenant's particular use of the Premises.

10.3 **Tenant's Insurance**. Tenant shall maintain the following coverages in the following amounts during the Lease Term (except Tenant shall carry the insurance described in Section 10.3.1 during any period in which it enters the Premises).

10.3.1 Commercial General Liability Insurance on an occurrence form covering the insured against claims of bodily injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities including a contractual coverage for limits of liability (which limits may be met together with umbrella liability insurance) of not less than:

Personal Injury Liability	$4,000,000 each aggregate
Property Damage Liability	$4,000,000 annual aggregate
Personal Injury Liability	$4,000,000 annual aggregate

10.3.2 Property Insurance covering all office furniture, business and trade fixtures, office and lab equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant. Such insurance shall be written on an "**all risks**" of physical loss or damage basis, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage (excluding flood), including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of ninety (90) days.

10.3.3 Business Income Interruption for ninety (90) days plus Extra Expense insurance in such amounts as will reimburse Tenant for actual direct or indirect loss of earnings attributable to the risks outlined in Section 10.3.2 above.

10.3.4 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable state and local statutes and regulations. The policy shall include a waiver of subrogation in favor of Landlord, its employees, Lenders and any property manager or partners.

10.4 **Form of Policies**. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, its subsidiaries and affiliates, its property manager (if any) and any other party the Landlord so specifies, as an additional insured on the liability insurance, including Landlord's managing agent, if any; (ii) be issued by an insurance company having a rating of not less than A-:VII in Best's Insurance Guide or which is otherwise acceptable to Landlord and authorized to do business in the State of California; and (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance required of Tenant. Tenant shall not cause said insurance to be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord (unless such cancellation is the result of non-payment of premiums, in which case note less than five (5) days' notice shall be provided). Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least ten (10) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate, Landlord may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor.

10.5 **Subrogation**. Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property or business interruption loss to the extent that such coverage is agreed to be provided hereunder, notwithstanding the negligence of either party. Notwithstanding anything to the contrary in this Lease, the parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers. The parties agree that their respective insurance policies do now, or shall, contain the waiver of subrogation.

10.6 **Additional Insurance Obligations**. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord or Landlord's lender, but in no event in excess of the amounts and types of insurance then being required by landlords of buildings comparable to and in the vicinity of the Building.

10.7 **Construction Period**: The term "Construction Period" shall mean the period from the date of this Lease to the date that Landlord completes construction of the Landlord's Work (including any "**Additional Base Building Items**", as defined in Section 3(f) of the Tenant Work Letter), and Common Areas, regardless of the occurrence of any Tenant Delay and without regard to the effect of any provision of this Lease pursuant to which the Premises are deemed to be Ready for Occupancy in advance of its actual occurrence. Notwithstanding any provision of this Lease to the contrary (including **Exhibit B**), during the Construction Period only, the following provisions shall be applicable:

10.7.1 with respect to any indemnity obligation of Tenant arising at any time during the Construction Period only, (A) the term "Landlord Parties" shall mean and shall be limited to HCP Oyster Point III LLC, a Delaware limited liability company (or any entity that that succeeds to HCP Oyster Point III LLC's interest as Landlord under the Lease) and shall not include any other person or entity; provided, however, that Landlord may include in any claim owed by Tenant to it any amount which Landlord shall pay or be obligated to indemnify any other person or entity, and (B) any indemnity obligation shall be limited to losses caused by, or arising as a result of any act or failure to act of, Tenant or Tenant's employees, agents or contractors; and

10.7.2 during the Construction Period only, Tenant's liability under this Lease for Tenant's actions or failures to act under the Lease during the Construction Period, including, without limitation, (A) Tenant's indemnity obligations, plus (B) Base Rent and Additional Rent (as a consequence of Tenant Delay), plus (C) any and all other costs payable to Landlord or otherwise payable by Tenant under this Lease, which amount shall calculated to include (i) the accreted value of any payments previously made by Tenant plus (ii) the present value of the maximum amount that Tenant could be required to pay as of that point in time (whether or not construction is completed) discounted at Tenant's incremental borrowing rate used to classify the Lease under ASC 840 (FAS 13), shall be limited to 89.9% of Landlord's Project Costs determined as of the date of Landlord's claim for such amount owed by Tenant. As used herein, "**Landlord's Project Costs**" shall mean the amount capitalized in the Project by Landlord in accordance with GAAP, plus other costs related to the Project (including related site improvements and other Project costs) paid by Landlord to third parties other than lenders or owners of Landlord (excluding land acquisition costs and "Force Majeure Costs," as that term is defined below, but including land carrying costs, such as interest or ground rent incurred during the Construction Period, and including all other costs incurred by Landlord in connection with the development and construction of the Project);

10.7.3 "**Force Majeure Costs**" means the sum of (a) all costs and expenses that are incurred because the Building is damaged by a fire or other casualty event (including capitalized interest on such costs and expenses), less the amount of all insurance proceeds applied to restore the Building, and (b) any loss in fair market value of the Premises to the extent the same are not restored following a fire or other casualty event; and

10.7.4 the provisions of Section 21.1(H) of the Lease shall not apply during the Construction Period.

10.8 For the avoidance of doubt, Landlord and Tenant agree that:

10.8.1 no claim by Landlord for Tenant's repudiation of this Lease at any time shall be limited under this section; and

10.8.2 for any claim other than under Section 10.8.1 above, if during the Construction Period Landlord makes any claim for any anticipatory breach by Tenant of any obligation under this Lease owed to Landlord for any period after the Construction Period and the amount payable by Tenant for such claim is limited by the provisions of Section 10.7.2 above, the entire amount (to the extent not theretofore paid) shall be payable promptly after the Construction Period; and

10.8.3 following the end of the Construction Period, the terms of this Section 10.7 shall be of no further force or effect.

11. DAMAGE AND DESTRUCTION.

11.1 **Repair of Damage to Premises by Landlord**. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Premises and such Common Areas. Such restoration shall be to substantially the same condition of the Premises and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other laws or any other modifications to the Common Areas deemed desirable by Landlord, which are consistent with the character of the Project, provided that access to the Premises shall not be materially impaired. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, and the damaged portions of the Premises are not occupied by Tenant as a result thereof, then during the time and to the extent the Premises are unfit for occupancy, the Rent shall be abated in proportion to the ratio that the amount of rentable square feet of the Premises which is unfit for occupancy for the purposes permitted under this Lease bears to the total rentable square feet of the Premises.

11.2 **Landlord's Option to Repair**. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building shall be damaged by fire or other casualty or cause, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within one (1) year after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the damage is due to a risk that Landlord is not required to insure under this Lease, and the cost of restoration exceed five percent (5%) of the replacement cost of the Building (unless Tenant agrees to pay any uninsured amount in excess of such five percent (5%)); or (iii) the damage occurs during the last twelve

(12) months of the Lease Term and will take more than sixty (60) days to restore; provided, however, that if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and the repairs cannot, in the reasonable opinion of Landlord, be completed within eight (8) months days after the date of discovery of the damage (or are not in fact completed within nine (9) months after the date of discovery of the damage), Tenant may elect, no earlier than sixty (60) days after the date of the damage and not later than ninety (90) days after the date of such damage, or within thirty (30) days after such repairs are not timely completed, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant.

11.3 **Waiver of Statutory Provisions**. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

12. NONWAIVER. No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

13. CONDEMNATION. If the whole or any part of the Premises shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use or reconstruction of any part of the Premises, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, for moving expenses, for the unamortized value of any improvements paid for by Tenant and for the Lease "bonus value", so long as such claims are payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so

terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

14. ASSIGNMENT AND SUBLETTING.

14.1 **Transfers**. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "**Transfer Premium**", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, and (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, and any other information reasonably required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's reasonable review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord (not to exceed $3,500 in the aggregate for any particular Transfer), within thirty (30) days after written request by Landlord.

14.2 **Landlord's Consent**. Landlord shall not unreasonably withhold or delay its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee is either a governmental agency or instrumentality thereof;

14.2.3 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested; or

14.2.4 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a suit for contract damages (other than damages for injury to, or interference with, Tenant's business including, without limitation, loss of profits, however occurring) or declaratory judgment and an injunction for the relief sought, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee.

14.3 **Transfer Premium**. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "**Transfer Premium**," as that term is defined in this Section 14.3, received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, and after deduction of (i) any costs of improvements made to the Subject Space in connection with such Transfer, (ii) brokerage commissions paid in connection with such Transfer, and (iii) reasonable legal fees incurred in connection with such Transfer. "**Transfer Premium**" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. The determination of the amount of Landlord's applicable share of the Transfer Premium shall be made on a monthly basis as rent or other consideration is received by Tenant under the Transfer.

14.4 **Landlord's Option as to Subject Space**. Notwithstanding anything to the contrary contained in this Article 14, in the event Tenant contemplates a Transfer other than to a Permitted Transferee which, together with all prior Transfers then remaining in effect, would cause fifty percent (50%) or more of the Premises to be Transferred for more than fifty percent (50%) of the then remaining Lease Term (taking into account any extension of the Lease Term which has irrevocably exercised by Tenant), Tenant shall give Landlord notice (the "**Intention to Transfer Notice**") of such contemplated Transfer (whether or not the contemplated Transferee or the terms of such contemplated Transfer have been determined). The Intention to Transfer Notice shall specify the portion of and amount of rentable square feet of the Premises which Tenant intends to Transfer in the subject Transfer (the "**Contemplated Transfer Space**"), the contemplated date of commencement of the Contemplated Transfer (the "**Contemplated Effective Date**"), and the contemplated length of the term of such contemplated Transfer. Thereafter, Landlord shall have the option, by giving written notice to Tenant within thirty (30) days after receipt of any Intention to Transfer Notice, to recapture the Contemplated Transfer Space. Such recapture shall cancel and terminate this Lease with respect to such Contemplated Transfer Space as of

the Contemplated Effective Date. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner, to recapture such Contemplated Transfer Space under this Section 14.4, then, subject to the other terms of this Article 14, for a period of nine (9) months (the "**Nine Month Period**") commencing on the last day of such thirty (30) day period, Landlord shall not have any right to recapture the Contemplated Transfer Space with respect to any Transfer made during the Nine Month Period, provided that any such Transfer is substantially on the terms set forth in the Intention to Transfer Notice, and provided further that any such Transfer shall be subject to the remaining terms of this Article 14. If such a Transfer is not so consummated within the Nine Month Period (or if a Transfer is so consummated, then upon the expiration of the term of any Transfer of such Contemplated Transfer Space consummated within such Nine Month Period), Tenant shall again be required to submit a new Intention to Transfer Notice to Landlord with respect any contemplated Transfer, as provided above in this Section 14.4. Tenant shall not be required to provide a separate Intention to Transfer Notice and Tenant's request for Landlord's consent to a Transfer shall satisfy Tenant's obligations in this Section 14.4.

14.5 **Effect of Transfer**. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than two percent (2%), Tenant shall pay Landlord's costs of such audit.

14.6 **Additional Transfers**. For purposes of this Lease, the term "**Transfer**" shall also include if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of fifty percent (50%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof.

14.7 **Occurrence of Default**. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be

performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

14.8 **Non-Transfers**. Notwithstanding anything to the contrary contained in this Article 14, (i) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant), (ii) an assignment of the Premises to an entity which acquires all or substantially all of the assets or interests (partnership, stock or other) of Tenant, (iii) an assignment of the Premises to an entity which is the resulting entity of a merger or consolidation of Tenant with another entity, or (iv) a sale of corporate shares of capital stock in Tenant in connection with an initial public offering of Tenant's stock on a nationally-recognized stock exchange (collectively, a "**Permitted Transferee**"), shall not be deemed a Transfer under this Article 14, provided that (A) Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with any documents or information requested by Landlord regarding such assignment or sublease or such affiliate, (B) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (C) such Permitted Transferee shall be of a character and reputation consistent with the quality of the Building, and (D) such Permitted Transferee described in subpart (ii) or (iii) above shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles ("**Net Worth**") at least equal to the Net Worth of Tenant on the day immediately preceding the effective date of such assignment or sublease. An assignee of Tenant's entire interest that is also a Permitted Transferee may also be known as a "**Permitted Assignee**". "**Control**," as used in this Section 14.8, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity. No such permitted assignment or subletting shall serve to release Tenant from any of its obligations under this Lease.

15. SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES.

15.1 **Surrender of Premises**. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant**. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear, damage caused by casualty, repairs required as a result of condemnation, and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, movable partitions (but not

demountable walls) and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

15.3 **Environmental Assessment**. In connection with its surrender of the Premises, Tenant shall submit to Landlord, at least fifteen (15) days prior to the expiration date of this Lease (or in the event of an earlier termination of this Lease, as soon as reasonably possible following such termination), an environmental Assessment of the Premises by a competent and experienced environmental engineer or engineering firm reasonably satisfactory to Landlord (pursuant to a contract approved by Landlord and providing that Landlord can rely on the Environmental Assessment). If such Environmental Assessment reveals that remediation or Clean-up is required under any Environmental Laws that Tenant is responsible for under this Lease, Tenant shall submit a remediation plan prepared by a recognized environmental consultant and shall be responsible for all costs of remediation and Clean-up, as more particularly provided in Section 5.3, above.

15.4 **Condition of the Building and Premises Upon Surrender**. In addition to the above requirements of this Article 15, upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, surrender the Premises and Building with Tenant having complied with all of Tenant's obligations under this Lease, including those relating to improvement, repair, maintenance, compliance with law, testing and other related obligations of Tenant set forth in Article 7 of this Lease. In the event that the Building and Premises shall be surrendered in a condition which does not comply with the terms of this Section 15.4, because Tenant failed to comply with its obligations set forth in Lease, then following thirty (30) days' notice to Tenant, during which thirty (30) day period Tenant shall have the right to cure such noncompliance, Landlord shall be entitled to expend all reasonable costs in order to cause the same to comply with the required condition upon surrender and Tenant shall immediately reimburse Landlord for all such costs upon notice and, commencing on the later of the termination of this Lease and three (3) business days after Landlord's delivery of notice of such failure and that it elects to treat such failure as a holdover, Tenant shall be deemed during the period that Tenant or Landlord, as the case may be, perform obligations relating to the Surrender Improvements to be in holdover under Article 16 of this Lease.

16. HOLDING OVER. If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term. If Tenant holds over after the expiration of the Lease Term of earlier termination thereof, without the express or implied consent of Landlord, such tenancy shall be deemed to be a tenancy by sufferance only, and shall not constitute a renewal hereof or an extension for any further term. In either case, Base Rent shall be payable at a monthly rate equal to one hundred fifty percent (150%) of the Base Rent applicable during the last rental period of the Lease Term under this Lease. Such month-to-month tenancy or tenancy by sufferance, as the case may be, shall be subject to every other applicable term, covenant and agreement contained herein. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

17. ESTOPPEL CERTIFICATES. Within ten (10) business days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of **Exhibit D**, attached hereto (or such other form as may be reasonably required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term, in connection with a sale or financing of the Building by Landlord, Landlord may require Tenant to provide Landlord with its most recent annual financial statement and annual financial statements of the preceding two (2) years. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Landlord shall hold such statements confidential. Failure of Tenant to timely execute, acknowledge and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception.

18. SUBORDINATION. Landlord hereby represents and warrants to Tenant that the Project is not currently subject to any ground lease, or to the lien of any mortgage or deed of trust. This Lease shall be subject and subordinate to all future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. The subordination of this Lease to any such future ground or underlying leases of the Building or Project or to the lien of any mortgage, trust deed or other encumbrances, shall be subject to Tenant's receipt of a commercially reasonable subordination, non-disturbance, and attornment agreement in favor of Tenant. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within ten (10) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

19. DEFAULTS; REMEDIES.

19.1 **Events of Default**. The occurrence of any of the following shall constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) business days after notice; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default; or

19.1.3 Abandonment or vacation of all or a substantial portion of the Premises by Tenant while Tenant is in default under the Lease; or

19.1.4 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord.

19.2 **Remedies Upon Default**. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of the unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, in each case to the extent allocable to the remaining Lease Term, brokerage commissions and advertising expenses incurred to obtain a new tenant, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Section 19.2.1(iii) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 **Subleases of Tenant**. If Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 **Efforts to Relet**. No re-entry, repairs, maintenance, changes, alterations and additions, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant.

20. COVENANT OF QUIET ENJOYMENT. Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

21. LETTER OF CREDIT.

21.1 **Delivery of Letter of Credit**. Tenant shall deliver to Landlord, concurrently with Tenant's execution of this Lease, an unconditional, clean, irrevocable letter of credit (the "**L-C**") in the amount set forth in Section 8 of the Lease Summary (the "**L-C Amount**"), which L-C shall be issued by a money-center, solvent and nationally recognized bank (a bank which accepts deposits, maintains accounts, has a local San Francisco Bay Area office which will negotiate a letter of credit, and whose deposits are insured by the FDIC) reasonably acceptable to Landlord (such approved, issuing bank being referred to herein as the "**Bank**"), which Bank must have a rating from Standard and Poors Corporation of A- or better (or any equivalent rating thereto from any successor or substitute rating service selected by Lessor) and a letter of credit issuer rating from Moody's Investor Service of A3 or better (or any equivalent rating thereto from any successor rating agency thereto)) (collectively, the "**Bank's Credit Rating Threshold**"), and which L-C shall be in the form of **Exhibit H**, attached hereto. Notwithstanding the foregoing, Landlord hereby approves Silicon Valley Bank as the Bank. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining the L-C. The L-C shall (i) be "callable" at sight, irrevocable and unconditional, (ii) be maintained in effect, whether through renewal or extension, for the period commencing on the date of this Lease and continuing until the date (the "**L-C Expiration Date**") that is no less than sixty (60) days after the expiration of the Lease Term as the same may be extended, and Tenant shall deliver a new L-C or certificate of renewal or extension to Landlord at least thirty (30) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, (iii) be fully assignable by Landlord, its successors and assigns, (iv) permit partial draws and multiple presentations and drawings, and (v) be otherwise subject to the Uniform Customs and Practices for Documentary Credits (1993-Rev), International Chamber of Commerce Publication #500, or the International Standby Practices-ISP 98, International Chamber of Commerce Publication #590. Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is due to Landlord under the terms and conditions of this Lease, and has not been paid within applicable notice and cure periods (or, if Landlord is prevented by law from providing notice, within the period for payment set forth in the Lease), or (B) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code that is not dismissed within thirty (30) days, or (D) the Lease has been rejected, or is deemed rejected, under Section 365 of the U.S. Bankruptcy Code, following the filing of a voluntary petition by Tenant under the Bankruptcy Code, or the filing of an involuntary petition against Tenant under the Bankruptcy Code, or (E) the Bank has notified Landlord that the L-C will not be renewed or extended through the L-C Expiration Date, and Tenant has not provided a replacement L-C that satisfies the requirements of this Lease at least thirty (30) days prior to such expiration, or (F) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (G) Tenant executes an assignment for the benefit of creditors, or (H) if (1) any of the Bank's (other than Silicon Valley Bank) Fitch Ratings (or other comparable ratings to the extent the Fitch Ratings are no longer available) have been reduced below the Bank's Credit Rating Threshold, or (2) there is otherwise a material adverse change in the financial condition of the Bank, and Tenant has failed to provide Landlord with a replacement letter of credit, conforming in all respects to the requirements of this Article 21 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in this Section 21.1 above), in the amount of the applicable L-C Amount, within ten (10) days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) (each of the foregoing being an "**L-C Draw Event**"). The L-C shall be honored by the Bank regardless of whether Tenant disputes Landlord's right to draw upon the L-C. In addition, in the event the Bank is placed into receivership or conservatorship by the

Federal Deposit Insurance Corporation or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said L-C shall be deemed to fail to meet the requirements of this Article 21, and, within ten (10) days following Landlord's notice to Tenant of such receivership or conservatorship (the "**L-C FDIC Replacement Notice**"), Tenant shall replace such L-C with a substitute letter of credit from a different issuer (which issuer shall meet or exceed the Bank's Credit Rating Threshold and shall otherwise be acceptable to Landlord in its reasonable discretion) and that complies in all respects with the requirements of this Article 21. If Tenant fails to replace such L-C with such conforming, substitute letter of credit pursuant to the terms and conditions of this Section 21.1, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid ten (10) day period). Tenant shall be responsible for the payment of any and all Tenant's and Bank's costs incurred with the review of any replacement L-C, which replacement is required pursuant to this Section or is otherwise requested by Tenant. In the event of an assignment by Tenant of its interest in the Lease (and irrespective of whether Landlord's consent is required for such assignment), the acceptance of any replacement or substitute letter of credit by Landlord from the assignee shall be subject to Landlord's prior written approval, in Landlord's reasonable discretion, and the actual and reasonable attorney's fees incurred by Landlord in connection with such determination shall be payable by Tenant to Landlord within ten (10) days of billing.

21.2 **Application of L-C**. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C upon the occurrence of any L-C Draw Event. In the event of any L-C Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant (except in connection with an L-C Draw Event under Section 21.1(H) above), draw upon the L-C, in part or in whole, in the amount necessary to cure any such L-C Draw Event and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default of the Lease or other L-C Draw Event and/or to compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable law, it being intended that Landlord shall not first be required to proceed against the L-C, and such L-C shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. Tenant agrees and acknowledges that (i) the L-C constitutes a separate and independent contract between Landlord and the Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, and/or there is an event of a receivership, conservatorship or a bankruptcy filing by, or on behalf of, Tenant, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise.

21.3 **Maintenance of L-C by Tenant**. If, as a result of any drawing by Landlord of all or any portion of the L-C, the amount of the L-C shall be less than the L-C Amount, Tenant shall, within five (5) days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency, and any such additional letter(s) of credit shall comply with all of the provisions of this Article 21. Tenant further covenants and warrants that it will neither assign nor encumber the L-C or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the L-C expires earlier than the L-C Expiration Date, Landlord will accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than thirty (30) days prior to the expiration of the L-C), which shall be irrevocable and automatically renewable as above provided

through the L-C Expiration Date upon the same terms as the expiring L-C or such other terms as may be acceptable to Landlord in its sole discretion. If Tenant exercises its option to extend the Lease Term pursuant to Section 2.2 of this Lease then, not later than thirty (30) days prior to the commencement of the Option Term, Tenant shall deliver to Landlord a new L C or certificate of renewal or extension evidencing the L¬C Expiration Date as thirty (30) days after the expiration of the Option Term. However, if the L-C is not timely renewed, or if Tenant fails to maintain the L-C in the amount and in accordance with the terms set forth in this Article 21, Landlord shall have the right to present the L-C to the Bank in accordance with the terms of this Article 21, and the proceeds of the L-C may be applied by Landlord against any Rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any breach or default by Tenant under this Lease. In the event Landlord elects to exercise its rights as provided above, (I) any unused proceeds shall constitute the property of Landlord (and not Tenant's property or, in the event of a receivership, conservatorship, or a bankruptcy filing by, or on behalf of, Tenant, property of such receivership, conservatorship or Tenant's bankruptcy estate) and need not be segregated from Landlord's other assets, and (II) Landlord agrees to pay to Tenant within thirty (30) days after the L-C Expiration Date the amount of any proceeds of the L-C received by Landlord and not applied against any Rent payable by Tenant under this Lease that was not paid when due or used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease; provided, however, that if prior to the L-C Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused L-C proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed. If Landlord draws on the L-C due to Tenant's failure to timely renew or provide a replacement L-C, such failure shall not be considered a default under this Lease and Landlord shall return such cash proceeds upon Tenant's presentation of a replacement L-C that satisfies the requirements of this Lease, subject to reasonable satisfaction of any preference risk to Landlord.

21.4 **Transfer and Encumbrance**. The L-C shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) all or any portion of its interest in and to the L-C to another party, person or entity, regardless of whether or not such transfer is from or as a part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in under this Lease, Landlord shall transfer the L-C, in whole or in part, to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole of said L-C to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer and, Tenant shall be responsible for paying the Bank's transfer and processing fees in connection therewith; provided that, Landlord shall have the right (in its sole discretion), but not the obligation, to pay such fees on behalf of Tenant, in which case Tenant shall reimburse Landlord within ten (10) days after Tenant's receipt of an invoice from Landlord therefor.

21.5 **L-C Not a Security Deposit**. Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the L-C or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context, including, but not limited to, Section 1950.7 of the California Civil Code, as such Section now exists or as it may be hereafter amended or succeeded (the "**Security Deposit Laws**"), (2) acknowledge and agree that the L-C (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have

no applicability or relevancy thereto, and (3) waive any and all rights, duties and obligations that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes the provisions of Section 1950.7 of the California Civil Code and any successor statute, and all other provisions of law, now or hereafter in effect, which (x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 21 and/or those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant's breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code. Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of all or any portion of the L¬C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw down all or any portion of the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional and thereby afford the Bank a justification for failing to honor a drawing upon such L-C in a timely manner. Tenant shall not request or instruct the Bank of any L-C to refrain from paying sight draft(s) drawn under such L-C.

21.6 **Remedy for Improper Drafts**. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any L-C shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, and reasonable actual out-of-pocket attorneys' fees, provided that at the time of such refund, Tenant increases the amount of such L-C to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any L-C, or the Bank's payment of sight drafts drawn under such L-C, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) business days after demand, Tenant shall have the right to deduct the amount thereof from the next installment(s) of Base Rent.

22. COMMUNICATIONS AND COMPUTER LINE. Tenant may install, maintain, replace, remove or use any communications or computer wires and cables serving the Premises (collectively, the "Lines"), provided that Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this Lease. Tenant shall pay all costs in connection therewith. Landlord reserves the right, upon notice to Tenant prior to the expiration or earlier termination of this Lease, to require that Tenant, at Tenant's sole cost and expense, remove any Lines located in or serving the Premises prior to the expiration or earlier termination of this Lease.

23. SIGNS.

23.1 **Exterior Signage**. Subject to Landlord's prior written approval, which shall not be unreasonably withheld, conditioned or delayed, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, at its sole cost and expense, may install (i) identification signage on the monument sign outside the front entrance to the Building (which monument sign shall be installed by Landlord at its sole cost prior to the Lease Commencement Date), (ii) internal directional and lobby identification signage, (iii) signage in the elevator lobby on the floor containing the Premises, and (iv) one (1) sign on the south elevation of the Building consistent with that certain Master Signage Program dated December 2012 and prepared by DES Architects + Engineers

(collectively, "**Tenant Signage**"); provided, however, in no event shall Tenant's Signage include an "Objectionable Name," as that term is defined in Section 23.3, of this Lease. All such signage shall be subject to Tenant's obtaining all required governmental approvals. All permitted signs shall be maintained by Tenant at its expense in a first-class and safe condition and appearance. Upon the expiration or earlier termination of this Lease, Tenant shall remove all of its signs at Tenant's sole cost and expense. The graphics, materials, color, design, lettering, lighting, size, illumination, specifications and exact location of Tenant's Signage (collectively, the "**Sign Specifications**") shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be consistent and compatible with the quality and nature of the Project. Tenant hereby acknowledges that, notwithstanding Landlord's approval of Tenant's Signage, Landlord has made no representation or warranty to Tenant with respect to the probability of obtaining all necessary governmental approvals and permits for Tenant's Signage. In the event Tenant does not receive the necessary governmental approvals and permits for Tenant's Signage, Tenant's and Landlord's rights and obligations under the remaining terms of this Lease shall be unaffected. Except as required by applicable law, Landlord shall not install any other signage on the Building. If Landlord elects to install a multi-tenant identification sign at the entrance to the Project, Tenant shall be entitled to install its name on such sign (subject to availability on a pro-rata basis based on the relative square footages leased by the tenants of the Project), at Tenant's sole cost and expense.

23.2 **Objectionable Name**. Tenant's Signage shall not include a name or logo which relates to an entity which is of a character or reputation, or is associated with a political faction or orientation, which is inconsistent with the quality of the Project, or which would otherwise reasonably offend a landlord of the Comparable Buildings (an "**Objectionable Name**"). Landlord agrees that "CytomX Therapeutics, Inc." or "CytomX" is not an Objectionable Name.

23.3 **Prohibited Signage and Other Items**. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

24. COMPLIANCE WITH LAW. Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated. At its sole cost and expense, Tenant shall promptly comply with all such governmental measures. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations. Tenant shall be responsible, at its sole cost and expense, to make all alterations to the Building and Premises as are required to comply with the governmental rules, regulations, requirements or standards described in this Article 24. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Tenant's obligations under this Article 24 are subject to the limitation in Section 10.2, above.

25. LATE CHARGES. If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within five (5) business days after Tenant's receipt of written notice from Landlord that said amount is delinquent, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any reasonable attorneys' fees incurred by Landlord by

reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after Tenant's receipt of written notice that said amount is delinquent shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the annual "Bank Prime Loan" rate cited in the Federal Reserve Statistical Release Publication G.13(415), published on the first Tuesday of each calendar month (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus four (4) percentage points, and (ii) the highest rate permitted by applicable law.

26. LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT.

26.1 **Landlord's Cure**. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.1.1 **Tenant's Reimbursement**. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) subject to Section 29.21, sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all reasonable legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

27. ENTRY BY LANDLORD. Landlord reserves the right at all reasonable times and upon reasonable notice to Tenant (except in the case of an Emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers or, during the last nine (9) months of the Lease Term, to prospective tenants; (iii) post notices of nonresponsibility (to the extent applicable pursuant to then applicable law); or (iv) repair the Premises or the Building, or for structural repairs to the Building or the Building's systems and equipment as provided under the Lease. Landlord may make any such entries without the abatement of Rent, except as otherwise provided in this Lease, and may take such reasonable steps as required to accomplish the stated purposes. In an Emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's use of or access to the Premises in connection with any such entry, and shall comply with Tenant's reasonable security measures. Landlord shall hold confidential any information regarding Tenant's business that it may learn as a result of such entry.

28. TENANT PARKING. Tenant shall have the right, without the payment of any parking charge or fee (other than as a reimbursement of operating expenses to the extent allowed pursuant to the terms or Article 4 of this Lease, above), commencing on the Lease Commencement Date, to use the amount of parking set forth in Section 9 of the Summary, in the on-site parking lot and garage which serves the Building. Tenant shall abide by all reasonable rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking passes are located (including any sticker or other identification system established by Landlord and the prohibition of vehicle repair and maintenance activities in the parking facilities), and shall cooperate in seeing that Tenant's employees and visitors also comply with such rules and regulations. Tenant's use of the Project parking facility shall be at Tenant's sole risk and Tenant acknowledges and agrees that Landlord shall have no liability whatsoever for damage to the vehicles of Tenant, its employees and/or visitors, or for other personal injury or property damage or theft relating to or connected with the parking rights granted herein or any of Tenant's, its employees' and/or visitors' use of the parking facilities.

29. MISCELLANEOUS PROVISIONS.

29.1 **Terms; Captions**. The words "**Landlord**" and "**Tenant**" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect**. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights**. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 **Modification of Lease**. Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder or interfere with Tenant's use of the Premises, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) business days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within ten (10) business days following the request therefor.

29.5 **Transfer of Landlord's Interest**. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder accruing after the date of transfer provided such transferee shall have fully assumed and agreed in writing to be liable for all obligations of this Lease to be performed by Landlord, including the return of any security deposit or L-C, and Tenant shall attorn to such transferee.

29.6 **Prohibition Against Recording**. Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 **Landlord's Title**. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties**. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Payment under Protest**. If Tenant in good faith disputes any amounts billed by Landlord, other than (i) Base Rent, (ii) Tenant's Share of Direct Expenses (as to which Tenant may exercise its rights under Section 4.6, above), Tenant may make payment of such amounts under protest, and reserve all of its rights with respect to such amounts (the "**Disputed Amounts**"). Landlord and Tenant shall meet and confer to discuss the Disputed Amounts and attempt, in good faith, to resolve the particular dispute. If, despite such good faith efforts, Landlord and Tenant are unable to reach agreement regarding the Disputed Amounts, either party may submit the matter to binding arbitration under the JAMS Streamlined Arbitration Rules & Procedures. The non-prevailing party, as determined by JAMS, will be responsible to pay all fees and costs incurred in connection with the JAMS procedure, as well as all other costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party. This Section 29.9 shall not apply to claims relating to Landlord's exercise of any unlawful detainer rights pursuant to California law or rights or remedies used by Landlord to gain possession of the Premises or terminate Lessee's right of possession to the Premises.

29.10 **Time of Essence**. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity**. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty**. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 **Landlord Exculpation**. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the lesser of (a) the interest of Landlord in the Project or (b) the equity interest Landlord would have in the Project if the Project were encumbered by third-party debt in an amount equal to eighty percent (80%) of the value of the Project (as such value is determined by Landlord), including any rental, condemnation, sales and

insurance proceeds received by Landlord or the Landlord Parties in connection with the Project, Building or Premises. No Landlord Parties (other than Landlord) shall have any personal liability therefor, and Tenant hereby expressly waives and releases such liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring, or loss to inventory, scientific research, scientific experiments, laboratory animals, products, specimens, samples, and/or scientific, business, accounting and other records of every kind and description kept at the premises and any and all income derived or derivable therefrom.

29.14 **Entire Agreement**. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease**. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure, provided, however, the foregoing delays shall not apply to Tenant's termination rights hereunder.

29.17 **Intentionally Omitted**.

29.18 **Notices**. All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("**Mail**"), (B) delivered by a nationally recognized overnight courier, or (C) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth

below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) business days after the date it is posted if sent by Mail, (ii) the date the overnight courier delivery is made, or (iii) the date personal delivery is made. As of the date of this Lease, any Notices to Landlord must be sent, transmitted, or delivered, as the case may be, to the following addresses:

HCP, Inc.
1920 Main Street, Suite 1200
Irvine, CA 92614
Attention: Legal Department

with a copy to

HCP Life Science Estates
950 Tower Lane, Suite 1650
Foster City, CA 94404
Attention: Jonathan M. Bergschneider

and

Allen Matkins Leck Gamble Mallory & Natsis LLP
1901 Avenue of the Stars, Suite 1800
Los Angeles, California 90067
Attention: Anton N. Natsis, Esq.

29.19 **Joint and Several**. If there is more than one tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority**. If Tenant is a corporation, trust or partnership, Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the State of California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so.

29.21 **Attorneys' Fees**. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid to the prevailing party by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY**. This Lease shall be construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR

ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 29.24 shall survive the expiration or earlier termination of the Lease Term.

29.25 **Independent Covenants**. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 **Project or Building Name, Address and Signage**. Landlord shall have the right at any time to change the name and/or address of the Project or Building (and Landlord shall reimburse Tenant its actual, reasonable costs incurred as a result of such change, if any) and, subject to Section 23.1, to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.27 **Counterparts**. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **Good Faith**. Except (i) for matters for which there is a standard of consent or discretion specifically set forth in this Lease; (ii) matters which could have an adverse effect on the Building Structure or the Building Systems, or which could affect the exterior appearance of the Building, or (iii) matters covered by Article 4 (Additional Rent), or Article 19 (Defaults; Remedies) of this Lease (collectively, the "**Excepted Matters**"), any time the consent of Landlord or Tenant is required, such consent shall not be unreasonably withheld or delayed, and, except with regard to the Excepted Matters, whenever this Lease grants Landlord or Tenant the right to take action, exercise discretion, establish rules and regulations or make an allocation or other determination, Landlord and Tenant shall act reasonably and in good faith.

29.29 **Development of the Project**.

29.29.1 **Subdivision**. Landlord reserves the right to subdivide all or a portion of the buildings and Common Areas, so long as the same does not interfere with Tenant's use of or access to the Premises or Tenant's parking rights. Tenant agrees to execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from a subdivision and any all maps in connection therewith, so long as the same does not increase Tenant's obligations or decrease Tenant's rights under this Lease. Notwithstanding anything to the contrary set forth in this Lease, the separate ownership of any buildings and/or Common Areas by an entity other than Landlord shall not affect the calculation of Direct Expenses or Tenant's payment of Tenant's Share of Direct Expenses.

29.29.2 **Construction of Property and Other Improvements**. Tenant acknowledges that portions of the Project may be under construction following Tenant's occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction, so long as the same does not interfere with Tenant's use of or access to the Premises or Tenant's parking rights.

29.29.3 **No Violation**. Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from Tenant's breach of this warranty and representation.

29.29.4 **Transportation Management**. Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Project and/or the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities. Such programs may include, without limitation: (i) restrictions on the number of peak-hour vehicle trips generated by Tenant; (ii) increased vehicle occupancy; (iii) implementation of an in-house ridesharing program and an employee transportation coordinator; (iv) working with employees and any Project, Building or area-wide ridesharing program manager; (v) instituting employer-sponsored incentives (financial or in-kind) to encourage employees to rideshare; and (vi) utilizing flexible work shifts for employees.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

LANDLORD:

HCP OYSTER POINT III LLC,
a Delaware limited liability company

By: /s/ Jonathan M. Bergschneider
Name: Jonathan M. Bergschneider
Its: Executive Vice President

TENANT:

CYTOMX THERAPEUTICS, INC,
a Delaware corporation

By: /s/ Sean McCarthy
Name: Sean McCarthy
Its: CEO

EXHIBIT A

OUTLINE OF PREMISES; PROJECT SITE PLAN

[Schematic]

EXHIBIT B

TENANT WORK LETTER

1. **Defined Terms**. As used in this Tenant Work Letter, the following capitalized terms have the following meanings:

(a) **Approved TI Plans**: Plans and specifications prepared by the applicable Architect for the Tenant Improvements and approved by Landlord and Tenant in accordance with Paragraph 2 of this Tenant Work Letter, subject to further modification from time to time to the extent provided in and in accordance with such Paragraph 2.

(b) **Architect**: Landlord shall engage DGA with respect to any Tenant Improvements which Landlord is to cause to be constructed pursuant to this Tenant Work Letter.

(c) **Tenant Change Request**: See definition in Paragraph 2(c)(ii) hereof.

(d) **Final TI Working Drawings**: See definition in Paragraph 2(a) hereof.

(e) **General Contractor**: The general contractor reasonably selected by Landlord with respect to Landlord's TI Work. Tenant shall have no right to direct or control such General Contractor.

(f) **Landlord's TI Work**: Any Tenant Improvements which Landlord is to construct or install pursuant to this Tenant Work Letter or by mutual agreement of Landlord and Tenant from time to time.

(g) **Project Manager**: Project Management Advisors, Inc., or any other project manager designated by Landlord in its reasonable discretion from time to time to act in a supervisory, oversight, project management or other similar capacity on behalf of Landlord in connection with the design and/or construction of the Tenant Improvements.

(h) **Punch List Work**: Minor corrections of construction or decoration details, and minor mechanical adjustments, that are required in order to cause any applicable portion of the Tenant Improvements or Landlord's Work as constructed to conform to the Approved TI Plans or this Tenant Work Letter in all material respects and that do not materially interfere with Tenant's use or occupancy of the Building and the Premises.

(i) **Substantial Completion Certificate**: See definition in Paragraph 3(a) hereof.

(j) **Tenant Delay**: Any of the following types of delay in the completion of construction of Landlord's TI Work (but in each instance, only to the extent that any of the following has actually and proximately caused substantial completion of Landlord's TI Work to be delayed):

(i) Any delay resulting from Tenant's failure to furnish, in a timely manner, information reasonably requested by Landlord or by Landlord's Project Manager in connection with the design or construction of Landlord's TI Work, or from Tenant's failure to approve in a timely manner any matters requiring approval by Tenant;

(ii) Any delay resulting from Tenant Change Requests initiated by Tenant, including any delay resulting from the need to revise any drawings or obtain further governmental approvals as a result of any such Tenant Change Request; or

(iii) Any delay caused by Tenant (or Tenant's contractors, agents or employees) materially interfering with the performance of Landlord's TI Work, provided that Landlord shall have given Tenant prompt notice of such material interference and, before the first time a Tenant Delay is deemed to have occurred as a result of such delay, such interference has continued for more than twenty-four (24) hours after Tenant's receipt of such notice.

(k) **Tenant Improvements**: The improvements to or within the Building shown on the Approved TI Plans from time to time and to be constructed by Landlord pursuant to the Lease and this Tenant Work Letter. The term "Tenant Improvements" does not include the improvements existing in the Building and Premises at the date of execution of the Lease.

(l) **Unavoidable Delays**: Delays due to acts of God, acts of public agencies, labor disputes, strikes, fires, freight embargoes, inability (despite the exercise of due diligence) to obtain supplies, materials, fuels or permits, or other causes or contingencies (excluding financial inability) beyond the reasonable control of Landlord or Tenant, as applicable. Landlord shall use commercially reasonable efforts to provide Tenant with prompt notice of any Unavoidable Delays.

(m) Capitalized terms not otherwise defined in this Tenant Work Letter shall have the definitions set forth in the Lease.

2. **Plans and Construction**. Landlord and Tenant shall comply with the procedures set forth in this Paragraph 2 in preparing, delivering and approving matters relating to the Tenant Improvements.

(a) **Approved Plans and Working Drawings for Tenant Improvements**. Tenant shall promptly and diligently work with the Architect to cause to be prepared and delivered to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed by Landlord) proposed schematic plans and outline specifications for the Tenant Improvements. Following mutual approval of such proposed schematic plans and outline specifications by Landlord and by Tenant (as so approved, the "Approved Schematic Plans"), Tenant shall then work with the Architect to cause to be prepared, promptly and diligently (assuming timely delivery by Landlord of any information and decisions required to be furnished or made by Landlord in order to permit preparation of final working drawings, all of which information and decisions Landlord will deliver promptly and with reasonable diligence), and delivered to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed by Landlord) final detailed working drawings and specifications for the Tenant Improvements, including (without limitation) any applicable life safety, mechanical, electrical and plumbing working drawings and final architectural drawings (collectively, "Final TI Working Drawings"), which Final TI Working Drawings shall substantially conform to the Approved Schematic Plans. Upon receipt from Tenant of proposed schematic plans and outline specifications, proposed Final TI Working Drawings, any other plans and specifications, or any revisions or resubmittals of any of the foregoing, as applicable, Landlord shall promptly and diligently (and in all events within 10 business days after receipt in the case of an initial submittal of schematic plans and outline specifications or proposed Final TI Working Drawings, and within 7 business days after receipt in the case of any other plans and specifications or any revisions or resubmittals of any of the foregoing) either approve such proposed schematic plans and outline specifications or proposed Final TI Working Drawings, as applicable, or set forth in writing with particularity any changes necessary to bring the aspects of such proposed schematic plans and outline specifications or proposed Final TI Working Drawings into a form which will be

reasonably acceptable to Landlord. Upon approval of the Final TI Working Drawings by Landlord and Tenant, the Final TI Working Drawings shall constitute the "Approved TI Plans," superseding (to the extent of any inconsistencies) any inconsistent features of the previously existing Approved Schematic Plans. Tenant shall respond to any request for information or approval of plans or drawings from Landlord or Architect within five (5) business days. Tenant acknowledges that the Tenant Improvements will include the items set forth on Schedule 2 to this Exhibit B, in order to allow the Premises to achieve a LEED "Silver" certification level.

(b) **Cost of Improvements**. "Cost of Improvement" shall mean, with respect to any item or component for which a cost must be determined in order to allocate such cost, or an increase in such cost, to Tenant pursuant to this Tenant Work Letter, the sum of the following (unless otherwise agreed in writing by Landlord and Tenant with respect to any specific item or component or any category of items or components): (i) all sums paid to contractors or subcontractors for labor and materials furnished in connection with construction of such item or component; (ii) all costs, expenses, payments, fees and charges (other than penalties) paid to or at the direction of any city, county or other governmental or quasi-governmental authority or agency which are required to be paid in order to obtain all necessary governmental permits, licenses, inspections and approvals relating to construction of such item or component; (iii) engineering and architectural fees for services rendered in connection with the design and construction of such item or component (including, but not limited to, the Architect for such item or component and an electrical engineer, mechanical engineer, structural engineer and civil engineer, if applicable); (iv) sales and use taxes; (v) testing and inspection costs; (vi) the cost of power, water and other utility facilities and the cost of collection and removal of debris required in connection with construction of such item or component; (vii) costs for builder's risk insurance; and (viii) all other "hard" and "soft" costs incurred in the construction of such item or component in accordance with the Approved TI Plans (if applicable) and this Tenant Work Letter; provided that the Cost of Improvements shall not include any internal or third-party costs incurred by Landlord except as provided in Section 2(e).

(c) **Construction of Landlord's TI Work**. Following completion of the Approved TI Plans, Landlord shall apply for and use reasonable efforts to obtain the necessary permits and approvals to allow construction of all Tenant Improvements. Upon receipt of such permits and approvals, Landlord shall, at Tenant's expense (subject to Landlord's payment of the Tenant Improvement Allowance), construct and complete the Tenant Improvements substantially in accordance with the Approved TI Plans, subject to Unavoidable Delays and Tenant Delays (if any). Such construction of the Tenant Improvements and Landlord's Work shall be performed in a neat, good and workmanlike manner, free of defects, using new materials and equipment of good quality, and shall materially conform to all applicable laws, rules, regulations, codes, ordinances, requirements, covenants, conditions and restrictions applicable thereto in force at the time such work is completed. Landlord shall cause Hathaway Dinwiddie, Landmark Builders and any other potential general contractors to bid on general conditions and fee for construction of the Tenant Improvements and provide an estimate for the direct cost of the Tenant Improvements. All bids will be opened together with Landlord selecting the general contractor to construct the Tenant Improvements, subject to the reasonable approval of Tenant. Tenant shall also have the right to approve all subcontractors engaged by the General Contractor, which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall enter into a stipulated sum or guaranteed maximum price construction contract with the General Contractor in the amount of the construction costs approved by Landlord and Tenant.

(d) **Changes**.

(i) If Landlord determines at any time that changes in the Final TI Working Drawings or in any other aspect of the Approved TI Plans relating to any item of Landlord's TI Work are required as a result of applicable law or governmental requirements, or are required at the insistence of

any other third party whose approval may be required with respect to the Tenant Improvements, or are required as a result of unanticipated conditions encountered in the course of construction, then Landlord shall promptly (A) advise Tenant of such circumstances and (B) at Tenant's sole cost and expense, subject to Landlord's payment of the Tenant Improvement Allowance, cause revised Final TI Working Drawings to be prepared by the Architect and submitted to Tenant, for Tenant's approval, which shall not be unreasonably withheld. Failure of Tenant to deliver to Landlord written notice of disapproval and specification of such required changes on or before any deadline reasonably specified by Landlord (which shall not be less than three (3) business days after delivery thereof to Tenant) shall constitute and be deemed to be a Tenant Delay to the extent Landlord is delayed in completing Landlord's TI Work.

(ii) If Tenant at any time desires any changes, alterations or additions to the Final TI Working Drawings, Tenant shall submit a detailed written request to Landlord specifying such changes, alterations or additions (a "Tenant Change Request"). Upon receipt of any such request, Landlord shall promptly notify Tenant of (A) whether the matters proposed in the Tenant Change Request are approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed by Landlord), (B) Landlord's estimate of the number of days of delay, if any, which shall be caused in the construction of the Tenant Improvements by such Tenant Change Request if implemented (including, without limitation, delays due to the need to obtain any revised plans or drawings and any governmental approvals), and (C) Landlord's estimate of the increase, if any, which shall occur in the cost of design, permitting, project management and construction of the Tenant Improvements affected by such Tenant Change Request if such Tenant Change Request is implemented (including, but not limited to, any costs of compliance with laws or governmental regulations that become applicable because of the implementation of the Tenant Change Request). If Landlord approves the Tenant Change Request and Tenant notifies Landlord in writing, within three (3) business days after receipt of such notice from Landlord, of Tenant's approval of the Tenant Change Request (including the estimated delays and cost increases, if any, described in Landlord's notice), then Landlord shall cause such Tenant Change Request to be implemented and Tenant shall be responsible for all actual costs or cost increases resulting from or attributable to the implementation of the Tenant Change Request, and any delays resulting therefrom shall be deemed to be a Tenant Delay (subject to Landlord's payment of the Tenant Improvement Allowance). If Tenant fails to notify Landlord in writing of Tenant's approval of such Tenant Change Request within said three (3) business day period, then such Tenant Change Request shall be deemed to be withdrawn and shall be of no further effect.

(e) **Project Management**. Unless and until revoked by Landlord by written notice delivered to Tenant, Landlord hereby (i) delegates to Project Manager the authority to exercise all approval rights, supervisory rights and other rights or powers of Landlord under this Tenant Work Letter with respect to the design and construction of the Tenant Improvements, and (ii) requests that Tenant work with Project Manager with respect to any logistical or other coordination matters arising in the course of construction of the Tenant Improvements, including monitoring Tenant's compliance with its obligations under this Tenant Work Letter and under the Lease with respect to the design and construction of the Tenant Improvements. Tenant acknowledges the foregoing delegation and request, and agrees to cooperate reasonably with Project Manager as Landlord's representative pursuant to such delegation and request. Fees and charges of Project Manager for such services shall be at Tenant's sole expense, subject to Landlord's payment of the Tenant Improvement Allowance. Such fees shall not exceed $3.58 per RSF of the Premises (i.e., $272,699.00); provided that in the event Tenant elects to utilize all or any portion of the Additional TI Allowance pursuant to the terms of Section 4(b) below, such fees to the Project Manager shall increase by an amount equal to the product of (A) 2.65% and (B) the amount of the Additional TI Allowance which Tenant elects to utilize.

3. **Completion**.

(a) When Landlord receives written certification from Architect that construction of the Tenant Improvements and Landlord's Work has been completed in accordance with the Approved TI Plans and Section 3(e) below (except for Punch List Work), Landlord shall prepare and deliver to Tenant a certificate (or separate certificates for the Tenant Improvements and Landlord's Work) signed by Landlord, Architect and General Contractor (the "Substantial Completion Certificate") (i) certifying that the construction of the Tenant Improvements and Landlord's Work has been substantially completed in a good and workmanlike manner in accordance with the Approved TI Plans and Section 3(e) below in all material respects, subject only to completion of Punch List Work, and specifying the date of that completion, and (ii) certifying that the Tenant Improvements and Landlord's Work comply in all material respects with all laws, rules, regulations, codes, ordinances, requirements, covenants, conditions and restrictions applicable thereto at the time of such delivery. Upon receipt by Tenant of the Substantial Completion Certificate and tender of possession of the Premises by Landlord to Tenant, and receipt of any certificate of occupancy or its legal equivalent, or other required sign-offs from any applicable governmental authority, allowing the legal occupancy of the Premises, the Tenant Improvements will be deemed delivered to Tenant and "Ready for Occupancy" for all purposes of the Lease (subject to Landlord's continuing obligations with respect to any Punch List Work, and to any other express obligations of Landlord under the Lease or this Tenant Work Letter with respect to such Tenant Improvements).

(b) Immediately prior to delivery of the Substantial Completion Certificate for the Tenant Improvements, Project Manager or other representatives of Landlord shall conduct one or more "walkthroughs" of the Building with Tenant and Tenant's representatives, to identify any items of Punch List Work that may require correction and to prepare a joint punch list reflecting any such items, following which Landlord shall diligently complete the Punch List Work reflected in such joint punch list. The Punch List Work shall be attached to the Substantial Completion Certificate, and shall not include damage caused by Tenant or any of Tenant's agents in connection with any work performed by Tenant in the Premises, or required as a result of Tenant's move-in to the Premises. At any time within thirty (30) days after delivery of such Substantial Completion Certificate, Tenant shall be entitled to submit one or more lists to Landlord supplementing such joint punch list by specifying any additional items of Punch List Work to be performed on the applicable Tenant Improvements and Landlord's Work, and upon receipt of such list(s), Landlord shall diligently complete such additional Punch List Work. Promptly after Landlord provides Tenant with the Substantial Completion Certificate and completes all applicable Punch List Work for the Building, Landlord shall cause the recordation of a Notice of Completion (as defined in the California Civil Code) with respect to the Tenant Improvements.

(c) All construction, product and equipment warranties and guaranties obtained by Landlord with respect to the Tenant Improvements and Landlord's Work shall, to the extent reasonably obtainable, include a provision that such warranties and guaranties shall also run to the benefit of Tenant, and Landlord shall cooperate with Tenant in a commercially reasonable manner to assist in enforcing all such warranties and guaranties for the benefit of Tenant.

(d) Notwithstanding any other provisions of this Tenant Work Letter or of the Lease, if Landlord is delayed in substantially completing any of the Tenant Improvements as a result of any Tenant Delay, and if the Lease Commencement Date is being determined under clause (i) of Section 3.2 of the Lease Summary, then notwithstanding any other provision of the Lease to the contrary, then the Premises shall be deemed to have been Ready for Occupancy on the date the Premises would have been Ready for Occupancy absent such Tenant Delay.

(e) Notwithstanding any other provisions of this Tenant Work Letter or of the Lease, Landlord shall be responsible, at Landlord's sole cost and expense, and without deduction from the Tenant Improvement Allowance, to construct and deliver the Base Building and "Warm Shell" components of the Premises ("Landlord's Work"), which shall consist of the items set forth on Schedule 1 to this Exhibit B (the "Warm Shell Schedule").

(f) **Construction of Additional Base Building Items**. To the extent that the Final TI Working Drawings contain any structural items, or items which would not reasonably be categorized as "normal tenant improvements" under applicable GAAP standards (the "Additional Base Building Items"), then such Additional Base Building Items shall not be constructed as a part of the Landlord's TI Work or the Tenant Improvements, but instead will be constructed by Landlord as a part of the Landlord's Work. The cost of construction of the Additional Base Building Items (the "Additional Base Building Costs") shall be borne by Landlord. Before commencing construction thereof, Landlord shall obtain a reasonable, good faith bid for the Additional Base Building Items from the General Contractor, which bid shall take into account all reasonable factors, including, without limitation, reasonable contingencies in connection therewith, Landlord shall notify Tenant of the amount of such bid (the "Estimated Base Building Costs"), and the amount of the Tenant Improvement Allowance shall be reduced by the amount of the Estimated Base Building Costs. Landlord shall have the right to disapprove any aspect of the Final TI Working Drawing that would result in Additional Base Building Costs in excess of the then remaining Tenant Improvement Allowance, so that, while the Tenant Improvement Allowance may be reduced, under no circumstances would Tenant be required to pay for any Additional Base Building Items with its own funds.

4. **Payment of Costs**.

(a) **Tenant Improvement Allowance**. Subject to any restrictions, conditions or limitations expressly set forth in this Tenant Work Letter or in the Lease or as otherwise expressly provided by mutual written agreement of Landlord and Tenant, the cost of construction of the Tenant Improvements shall be paid or reimbursed by Landlord up to a maximum amount equal to $10,283,355.00 (the "Tenant Improvement Allowance"), which amount is being made available by Landlord to be applied towards the Cost of Improvements for the construction of the Tenant Improvements in the Premises. Tenant shall be responsible, at its sole cost and expense, for payment of the entire Cost of Improvements of the Tenant Improvements in excess of the Tenant Improvement Allowance, including (but not limited to) any costs or cost increases incurred as a result of delays (unless caused by Landlord), governmental requirements or unanticipated conditions (unless caused by Landlord), and for payment of any and all costs and expenses relating to any alterations, additions, improvements, furniture, furnishings, equipment, fixtures and personal property items which are not eligible for application of Tenant Improvement Allowance funds under the restrictions expressly set forth below in this paragraph, but Tenant shall be entitled to use or apply the entire Tenant Improvement Allowance toward the Cost of Improvements of the Tenant Improvements (subject to any applicable restrictions, conditions, limitations, reductions or charges set forth in the Lease or in this Tenant Work Letter) prior to being required to expend any of Tenant's own funds for the Tenant Improvements. The funding of the Tenant Improvement Allowance shall be made on a monthly basis or at other convenient intervals mutually approved by Landlord and Tenant and in all other respects shall be based on such commercially reasonable disbursement conditions and procedures as Landlord, Project Manager and Landlord's lender (if any) may reasonably prescribe. Notwithstanding the foregoing provisions, under no circumstances shall the Tenant Improvement Allowance or any portion thereof be used or useable by Tenant for any moving or relocation expenses of Tenant, or for any Cost of Improvement (or any other cost or expense) associated with any moveable furniture or trade fixtures, personal property or any other item or element which, under the applicable provisions of the Lease, will not become Landlord's property and remain with the Building upon expiration or termination of the Lease. Notwithstanding anything to

the contrary herein, the Tenant Improvements shall not include (and Landlord shall be solely responsible for and the Tenant Improvement Allowance shall not be used for) the following: (a) costs incurred due to the presence of any Hazardous Materials in the Premises, if any, but with respect to removal and remediation of any such Hazardous Materials, only to the extent such removal or remediation is required by Applicable Laws enforced as of the date of this Lease for improvements in the Premises generally (as opposed to the specific Tenant Improvements) and to the extent the same required in order to allow Tenant to obtain a certificate of occupancy or its legal equivalent, for the Premises for the Permitted Use assuming a normal and customary occupancy density; (b) costs to bring the Project into compliance with Applicable Laws to the extent required in order to allow Tenant to obtain a certificate of occupancy or its legal equivalent, for the Premises for the Permitted Use assuming a normal and customary office occupancy density; (c) construction costs in excess of the contract amount stated in the contract with the General Contractor, as approved by Tenant (not to be unreasonably withheld), except for increases set forth in change orders approved by Tenant; (d) wages, labor and overhead for overtime and premium time unless approved by Tenant (which approval shall not be unreasonably withheld, conditioned or delayed); (e) attorneys' fees incurred in connection with negotiation of construction contracts, and attorneys' fees, experts' fees and other costs in connection with disputes with third parties; (f) interest and other costs of financing construction costs; (g) costs incurred as a consequence construction defects or default by a contractor; (h) costs as a consequence of casualties; and (i) penalties and late charges attributable to Landlord's failure to pay construction costs.

(b) **Additional TI Allowance**. In addition to the Tenant Improvement Allowance, Tenant shall have the right, by written notice to Landlord given on or before December 31, 2017, to use up to $30.00 per RSF of the Premises (i.e., up to $2,285,190.00) (the "Additional TI Allowance") towards the payment of the costs of the Tenant Improvement Allowance Items. In the event Tenant exercises its right to use all or any portion of the Additional TI Allowance, Tenant shall be required to pay Landlord, commencing on the date the Tenant Improvements are completed (the "Additional Payment Commencement Date"), the "Additional TI Allowance Payment," as that term is defined below, in consideration of Landlord provision of the Additional TI Allowance. The "Additional TI Allowance Payment" shall be determined as the missing component of an annuity, which annuity shall have (i) the amount of the Additional TI Allowance utilized by Tenant as the present value amount, (ii) a number equal to the number of full calendar months then remaining in the Lease Term as the number of payments, (iii) a monthly interest factor equal to seventy-five one-hundredths percent (0.75%), which is equal to nine percent (9%) divided by twelve (12) months per year, and (iv) the Additional TI Allowance Payment as the missing component of the annuity. Following the calculation of the Additional TI Allowance Payment, Landlord and Tenant will enter into a lease amendment in the form of Exhibit G attached hereto, to confirm the amount thereof.

5. **No Agency**. Nothing contained in this Tenant Work Letter shall make or constitute Tenant as the agent of Landlord.

6. **Tenant Access**. Provided that Tenant and its agents do not interfere with Contactor's work in the Building and the Premises (including by the use of non-union vendors without prior coordination with Landlord), Contractor and Landlord shall allow Tenant access to the Premises at least thirty (30) days prior to the Substantial Completion of the Landlord's TI Work without payment of Rent for the purpose of Tenant installing equipment or fixtures (including Tenant's data and telephone equipment) in the Premises and preparing the Premises for occupancy. Prior to Tenant's entry into the Premises as permitted by the terms of this Section 6, Tenant shall submit a schedule to Landlord and Contractor, for their approval, which schedule shall detail the timing and purpose of Tenant's entry. Tenant shall hold Landlord harmless from and indemnify, protect and defend Landlord against any loss or damage to the Building or Premises and against injury to any persons caused by Tenant's actions pursuant to this Section 6.

7. **Miscellaneous**. All references in this Tenant Work Letter to a number of days shall be construed to refer to calendar days, unless otherwise specified herein. In all instances where Landlord's or Tenant's approval is required, if no written notice of disapproval is given within the applicable time period, at the end of that period Landlord or Tenant shall be deemed to have given approval (unless the provision requiring Landlord's or Tenant's approval expressly states that non-response is deemed to be a disapproval or withdrawal of the pending action or request, in which event such express statement shall be controlling over the general statement set forth in this sentence) and the next succeeding time period shall commence. If any item requiring approval is disapproved by Landlord or Tenant (as applicable) in a timely manner, the procedure for preparation of that item and approval shall be repeated. Landlord hereby acknowledges that Tenant shall not be required to restore the initial Tenant Improvements constructed in the Premises pursuant to the terms of this Tenant Work Letter upon the termination of the Lease.

8. **Time Deadlines**. Tenant shall use commercially reasonable, good faith, efforts and all due diligence to cooperate with the Architect, General Contractor and Landlord to complete all phases of the construction drawings set forth in this Tenant Work Letter and the permitting process and to receive the permits as soon as possible after the execution of the. The applicable dates for approval of items, plans and drawings as described in this Tenant Work Letter are set forth and further elaborated upon in Schedule 3 to this Exhibit B attached hereto (the "Time Deadlines"), attached hereto. Tenant agrees to utilize commercially reasonable efforts to comply with the Time Deadlines.

9. **Rooftop Space**. Tenant hereby acknowledges that to the extent either (i) any portion of the Tenant Improvements, or (ii) any of Tenant's equipment installed in the Premises, requires a portion of the roof to be utilized by Tenant, that Tenant shall only be permitted to utilize that certain portion of the roof designated as "Zone 2" and "Zone 3" on Schedule 4 to this Exhibit B (the "Rooftop Space").

10. **Standard Tenant Improvement Package Specifications**. Tenant hereby acknowledges that the Tenant Improvements are subject to the specifications set forth on Schedule 5 to this Exhibit B.

SCHEDULE 1 TO EXHIBIT B

BASE BUILDING "WARM SHELL" DELIVERY CONDITION

The Cove at Oyster Point
Building 3
151 Oyster Point Boulevard
South San Francisco, CA 94080
Warm-Shell Landlord Delivery Condition

DESCRIPTION

SITEWORK

1. Exterior hardscape and landscape, including site lighting, perimeter sidewalks, street curbs, miscellaneous site furnishings, and bio-retention basins
2. Surface parking lot
3. Seven (7) dual charge electric vehicle charging stations, for allocation amongst Tenants
4. Exterior amenities space including all hardscape and landscape, lighting, and recreational infrastructure (volleyball/basketball sport court, bocce ball, trellis)
5. Exterior bike racks
6. Bus stop wind screens for local commuter shuttle service
7. Service yard foundation, structure, covered enclosure, and waterproofing for trash containers and dedicated bulk nitrogen storage area for allocation amongst tenants
8. Foundation and enclosure for Landlord provided diesel powered emergency generator
9. Loading dock with at-grade shipping/receiving area with (2) hydraulic scissor lifts

STRUCTURE

1. Pile supported structural slab-on-grade foundation system consisting of steel-reinforced concrete auger-cast piles, pile caps, and horizontal grade beams
2. Steel superstructure consisting of steel columns, girders, beams, and concrete slab on composite metal deck, with live load capacity of 125 psf (reducible)
3. Type II A construction, code required primary structural fireproofing
4. Slab edge fire safing
5. Lateral seismic system utilizing buckling-restrained braced frames. Importance factor is 1.0

6. Roof deck framing with live load capacity of 20 psf
7. Mechanical platform and roof penthouse with live load capacity of 75 psf
8. Roof screen and associated secondary steel
9. Floor to floor height of 17’, all floors
10. Framed openings for Base Building utility risers
11. Stairs and stair enclosures per code requirements, including enclosure doors, handrails, and guardrails. Roof penthouse access for (1) set of stairs
12. Window washing davit bases and arms
13. Miscellaneous metals items and/or concrete pads for Base Building equipment

ROOFING

1. 60 MIL single-ply thermoplastic polyolefin (TPO) white roof membrane
2. Rigid insulation, flashing, and sealants
3. Roofing penetrations for Base Building equipment/systems
4. Walkway pads along roof perimeter, outside of screened area
5. Penthouse roof penetrations – not allowed

EXTERIOR

1. Non load-bearing glazed aluminum curtain wall and glass fiber reinforced concrete (GFRC) panel building enclosure system
2. Building entrances and openings
3. Service Yard overhead door, serving Base Building Electrical Room
4. Service Yard rolling green screen gate

COMMON AREAS

1. Accessible Main Lobby
2. Main Lobby Computer Room
3. Interior Service Area corridor
4. Stair enclosures painted at all building levels
5. 2 hour rated Chemical Storage Area, with depressed slab, for allocation amongst tenants
6. Electrical Room
7. Emergency Electrical Room
8. Domestic Pump Room
9. Fire Booster Pump Room
10. Storage Room for allocation amongst Tenants
11. Elevator Control Room

12. Amenities Space including food service, fitness center, and recreational area
13. Telecommunications Main Point of Entry (MPOE) Room
14. Service Yard/Loading Dock Area, including space for trash enclosure, nitrogen storage, and generator enclosure

ELEVATORS

1. Two (2) passenger elevators; 3,500 lbs., 350 fpm
2. One (1) freight elevator; 5,000 lbs., 200 fpm
3. Recessed elevator pits for three (3) elevators
4. No elevator access to roof

TENANT AREAS

1. Restroom Cores: one (1) set per floor including Men's and Women's Restrooms with (1) ADA shower each with bench and lockers, ceramic tile floors and wet walls, solid surface countertops, floor mounted metal partitions, hard lid ceiling, down lights and ADA low-flow plumbing fixtures
2. Janitor Closet – one (1) per floor
3. Freight elevator lobby consisting of double-door, concrete floor, unfinished drywall and taped walls, no ceiling
4. Electrical Room – one (1) per floor consisting of concrete floor, unfinished drywall and taped walls, no ceiling.
5. Intermediate Distribution Frame (IDF) Room – one (1) per floor consisting of concrete floor, unfinished drywall and taped walls, no ceiling
6. Finishes at common corridors on floors with multiple Tenants
7. Shaft enclosures for Base Building system risers

FIRE PROTECTION

1. Fire booster pump room including fire department connection, alarm valve, and fire sprinkler booster pump
2. Wet fire protection system (risers, Core area risers, distribution piping, and sprinkler heads)
3. Stair risers, distribution piping, and sprinkler heads
4. Primary distribution and sprinkler heads adequate for "Ordinary Hazard, Group 2"
5. Fire extinguisher cabinets at core areas

6. Fire safing at Base Building vertical penetrations, including penetrations for mechanical, electrical, and plumbing systems

PLUMBING

1. Building storm and overflow drainage system, including site underground storm sewer system and connection to storm sewer mains
2. Domestic water service with backflow prevention and Base Building risers to Tenant spaces
3. Domestic water booster pump
4. Lab waste risers and stubs in Tenant space
5. Lab waste sewer connection to sanitary sewer, lab waste sampling port at connection
6. Building sanitary sewer service with piping distribution to restroom cores and risers stubbed in Tenant space
7. Domestic sanitary sewer connection to street
8. Main water meter and irrigation meter
9. One (1) roof mounted electric water heater serving all Restrooms
10. Core restroom plumbing fixtures compliant with accessibility requirements

NATURAL GAS

1. Natural gas service to Building
2. Natural gas riser to the roof and service to Base Building boilers
3. Natural gas riser to the roof capped for future use

HEATING, VENTILATION, AIR CONDITIONING

1. (2) 90,000 cfm 100% outside air roof mounted packaged air handlers serving lab areas, for allocation amongst Tenant floors
2. (2) 50,000 cfm supply/return roof mounted air handlers serving Tenant office areas, for allocation amongst Tenant floors
3. (3) 4,000 MBH input gas fired hot water boilers
4. (2) 550 ton centrifugal chillers
5. (2) 550 ton cooling towers
6. Secondary mechanical equipment, including pumps, roof ducting, piping, valves, manifolds, etc. to support Base Building mechanical systems
7. Hot water pipe risers, stubbed in Tenant space

8. Reheat coils within core areas
9. Vertical supply air duct risers
10. Vertical return air duct risers
11. Supply air duct distribution, VAV terminals, equipment connections, insulation, air terminals, dampers, hangers, etc. within core areas
12. Two (2) roof mounted dilution lab exhaust fan systems for allocation amongst Tenant floors
13. Exhaust air duct distribution, exhaust air valves, equipment connections, insulation, air terminals, dampers, hangers, etc. within core areas
14. Restroom exhaust for Base Building restrooms
15. Ventilation system for Base Building Electrical Room
16. Exhaust fan, side wall grille supply, and fire smoke dampers for ventilation of Base Building Electrical Rooms on each floor
17. Building Management System (BMS) for core area and Landlord infrastructure

ELECTRICAL

1. Site campus medium voltage distribution system with connection to PG&E grid
2. 5000 amp 480/277V Base Building substation with underground primary feeder to campus main switchgear
3. Standard power bus duct risers providing 400 amps per floor
1. (1) 1500 kW diesel standby power generator, for allocation amongst Tenants and Base Building systems
2. Standby power bus duct risers providing 250 amps per floor
3. Automatic transfer switch for Tenant load
4. Lighting and power distribution for core areas
5. Base Building common area life safety emergency lighting/signage
6. 2” conduit riser for future Distributed Antenna System (DAS)
7. Distributed Antenna System (DAS), if required

FIRE ALARM

1. Base Building fire alarm system with devices in core areas
2. Fire Alarm Termination Cabinet (FATC) within each Electrical Room

DESCRIPTION

TELEPHONE/DATA

1. Underground telephone carrier service to Main Point of Entry (MPOE) Room
2. Underground local fiber optic provider service to MPOE Room
3. (2) 4” conduit risers from MPOE to Intermediate Distribution Frame (IDF) Room on each floor
4. (1) 2” conduit riser from the roof to IDF Room on each floor
5. Campus telecommunications loop consisting of (2) 4” conduits, linking existing and future buildings on campus
6. (2) 4” conduits connecting Building 3 MPOE Room with Building 4 MPOE Room

SECURITY

1. Card access at Building entries
2. Manned security station in lobby

SCHEDULE 2 TO EXHIBIT B

LEED REQUIREMENTS

The following is a list of LEED prerequisites and credits that all tenants are required to meet compliance for their associated tenant-occupied spaces beyond the current Core & Shell project scope. By signing this lease, tenants are agreeing to comply with all of the outlined requirements.

- Water Efficiency Prerequisite 1 and Credit 3, Water Use Reduction
  - All toilets in the core or those that are tenant-installed shall be dual-flush toilets or "high-efficiency," using 1.28 gallons per flush (gpf) or less.
  - All urinals shall be waterless or ultra low-flow e.g., 0.125gpf or less.
  - Bathroom faucets are required to have flow restrictors limiting flow to .5 gallons per minute (gpm). Kitchen and breakroom faucets to allow 2.0 gpm.
- Energy and Atmosphere Prerequisite 2, Minimum Energy Performance, and Credit 1, Optimize Energy Performance
  - Envelope must meet the following requirements:
    - Walls: U = 0.082
    - Roof: U = 0.039
    - Curtain Glazing: U = 0.27, SHGC = 0.29 (Viracon)
  - Mechanical (Based on B3) systems must comply with the following:
    - Chiller Efficiency: 0.549 kw/ton
    - Boiler Efficiency: 93%
  - Plumbing (Based on B3) must comply with the following:
    - Water heater efficiency: 96%
  - Lighting requirements are as follows:
    - Office Spaces > 250 ft2: 0.75 w/sf
    - Office Spaces <= 250 ft2: 1.0 w/sf
    - Lab Spaces: 1.4 w/sf
- Energy and Atmosphere Credit 4, Enhanced Refrigerant Management
  - Tenants should specify HVAC systems that minimize refrigerant impact by avoiding refrigerants entirely or using systems that reduce their harmful impacts.
  - Tenants should not install or retain fire suppression systems with CFCs, HCFCs, or halons.
- Energy and Atmosphere Credit 5, Measurement & Verification
  - Tenants will be required to submeter
- Indoor Environmental Quality Prerequisite 1, Minimum Indoor Air Quality (IAQ) Performance
  - Tenant-installed mechanical ventilation systems must meet the requirements of ASHRAE 62.1-2007 sections 4-7.
- Indoor Environmental Quality Credit 1, Outdoor Air Delivery Monitoring
  - For mechanical ventilation systems that predominantly serve densely occupied spaces (those with a design occupant density greater than or equal to 25 people per 1000 sq. ft), tenants shall install a CO2 sensor within each densely occupied space.

- For all other mechanical ventilation systems, provide an outdoor airflow measurement device capable of measuring the minimum outdoor airflow rate at all expected system operating conditions within 15 percent of the design minimum outdoor air rate.

- Indoor Environmental Quality Credit 5, Indoor Chemical and Pollutant Source Control
  - Walk off mats are installed at all building main entrances as part of the core and shell scope.
  - All rooms that contain chemicals or pollutants (such as copy rooms, photo labs, laundry, and janitorial rooms) must be built with deck-to-deck full-height walls and self-closing doors, separate ventilation systems with minimum .50 cfm/sqft exhaust fans, and containment drains for appropriate disposal of hazardous liquids
  - Tenants must also install MERV – 13 filters for all return and outside air intakes in regularly occupied mechanically ventilated spaces
- Indoor Environmental Quality Credit 6, Controllability of Systems—Thermal Comfort
  - Tenants shall provide thermal and ventilation controls for:
    - At least 50 percent of the occupants that enable adjustment to suit individual needs and preferences & all shared multi-occupant spaces where transient groups must share controls.
- Indoor Environmental Quality Credit 7, Thermal Comfort—Design
  - HVAC design must meet requirements of ASHRAE 55-2004, specifically in reference to air temperature, radiant temperature, humidity, and air speed

SCHEDULE 3 TO EXHIBIT B

TIME DEADLINES

THE COVE AT OYSTER POINT
South San Francisco, CA

151 Oyster Point, Third and Fourth Floors — CytomX TI
11/9/2015

Tenant Improvement Milestone Schedule

11/9/2015	Issue Contractor Request for Proposals (RFP)
11/30/2015	TI Design Commencement (14 weeks)
12/11/2015	Selection of General Contractor
12/14/2015	Tenant Submission of 100% Schematic Design
12/18/2015	Landlord Publication of TI Project Budget Estimate
12/21/2015	Landlord Approval of “Approved Schematic Plans”
1/11/2016	100% Design Development
2/1/2016	General Contractor Publication of 100% DD Estimate
2/8/2016	Tenant Approval of 100% DD Estimate and Scope
3/4/2016	Tenant Submission of 100% Construction Documents
3/4/2016	Landlord Submit for TI Permit (9 weeks)
3/11/2016	Landlord Approval of “Final TI Working Drawings”
3/18/2016	Release of long lead items (i.e. casework) – Tenant and Landlord Approval
4/1/2016	General Contractor Publish GMP
4/4/2016	Start TI Construction (26 weeks)
4/12/2016	Approval of GMP
5/6/2016	Permit (Anticipated – Dependent on Jurisdiction) – First Inspection
10/1/2016	Completion – Temporary Certificate of Occupancy (TCO)
10/1/2016	Rent Commencement
11/1/2016	Complete Punchlist/Final Completion

SCHEDULE 4 TO EXHIBIT B

ROOFTOP SPACE

[Schematic]

SCHEDULE 5 TO EXHIBIT B

[STANDARD TENANT IMPROVEMENT PACKAGE SPECIFICATIONS]

SCHEDULE 5 TO
EXHIBIT B

EXHIBIT C

NOTICE OF LEASE TERM DATES

To: _____
_____
_____
_____

Re: Lease dated _____, 20__ between _____, a_____ ("**Landlord**"), and _____, a _____ ("**Tenant**") concerning Suite _____ on floor(s) _____ of the building located at _____ _____, California.

Gentlemen:

In accordance with the Lease (the "**Lease**"), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on _____ for a term of _____ ending on _____.
2. Rent commenced to accrue on _____, in the amount of _____.
3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.
4. Your rent checks should be made payable to _____ at _____.
5. The number of rentable/usable square feet within the Premises is approximately _____ square feet.
6. Tenant's Share as adjusted based upon the exact number of usable square feet within the Premises is _____%, subject to Section 6 of the Summary of Basic Lease Information.

"Landlord":

_____,
a_____

By:_____
Its:_____

Agreed to and Accepted as

of _____, 20__.

“Tenant”:

_____

a _____

By: _____

Its: _____

EXHIBIT D

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Lease (the "**Lease**") made and entered into as of _____, 20 by and between _____ as Landlord, and the undersigned as Tenant, for Premises consisting of a portion of the building located at _____, California, certifies as follows:

1. Attached hereto as **Exhibit A** is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in **Exhibit A** represent the entire agreement between the parties as to the Premises.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on _____, and the Lease Term expires on _____, and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project, except as expressly set forth in the Lease.

3. Base Rent became payable on _____.

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in **Exhibit A**.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. Tenant shall not modify the documents contained in **Exhibit A** without the prior written consent of Landlord's mortgagee.

7. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is

8. To Tenant's actual knowledge, without inquiry, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder. The Lease does not require Landlord to provide any rental concessions or to pay any leasing brokerage commissions except as expressly set forth therein.

9. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease. Neither Landlord, nor its successors or assigns, shall in any event be liable or responsible for, or with respect to, the retention, application and/or return to Tenant of any security deposit paid to any prior landlord of the Premises, whether or not still held by any such prior landlord, unless and until the party from whom the security deposit is being sought, whether it be a lender, or any of its successors or assigns, has actually received for its own account, as landlord, the full amount of such security deposit.

10. To Tenant's actual knowledge, without inquiry, as of the date hereof, there are no existing defenses or offsets, or, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

11. If Tenant is a corporation or partnership, Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

12. There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

13. Tenant is in full compliance with all federal, state and local laws, ordinances, rules and regulations affecting its use of the Premises, including, but not limited to, those laws, ordinances, rules or regulations relating to hazardous or toxic materials. Tenant has never permitted its agents, employees or contractors to engage in the generation, manufacture, treatment, use, storage, disposal or discharge of any hazardous, toxic or dangerous waste, substance or material in, on, under or about the Project or the Premises or any adjacent premises or property in violation of any federal, state or local law, ordinance, rule or regulation.

14. To the undersigned's knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full. All work (if any) in the common areas required by the Lease to be completed by Landlord has been completed and all parking spaces required by the Lease have been furnished and/or all parking ratios required by the Lease have been met.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at _____ on the _____ day of _____, 20__.

"Tenant":

_____,
a _____

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT E

ENVIRONMENTAL QUESTIONNAIRE

**[ENVIRONMENTAL QUESTIONNAIRE
FOR COMMERCIAL AND INDUSTRIAL PROPERTIES]**

EXHIBIT G

FORM OF AGREEMENT FOR ADDITIONAL MONTHLY BASE RENT

FIRST AMENDMENT TO LEASE

This FIRST AMENDMENT TO LEASE ("**Amendment**") is made and entered into as of _____, 2015, by and between HCP OYSTER POINT III LLC, a Delaware limited partner ("**Landlord**"), and CYTOMX THERAPEUTICS, INC., a Delaware limited liability company ("**Tenant**").

R E C I T A L S :

A. Landlord and Tenant are parties to that certain Lease dated October ____, 2015, (the "**Lease**"), pursuant to which Tenant leases the third and fourth floors (the "**Premises**") containing approximately 76,173 rentable square feet of space in the building located at 151 Oyster Point Boulevard, South San Francisco, California (the "**Building**").

B. Landlord and Tenant desire to amend the Lease on the terms and conditions set forth in this Amendment.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Terms. All capitalized terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Amendment.

2. Additional TI Allowance. Pursuant to the terms of Section 4 of the Tenant Work Letter attached to the Lease as **Exhibit B**, Tenant was entitled to an Additional TI Allowance of up to $2,285,190.00 (the "Additional TI Allowance"). Notwithstanding any provision to the contrary contained in the Lease, Landlord and Tenant hereby acknowledge and agree that Tenant has utilized _____ and ____/100 Dollars ($_____) of the Additional TI Allowance (the "Utilized Additional TI Allowance").

4. Additional Monthly Base Rent. As a result of Tenant's use of the Utilized Additional TI Allowance, Tenant is required to pay Additional Monthly Base Rent calculated as provided in Section 4 of the Tenant Work Letter, which Additional Monthly Base Rent shall be equal to $_____ per month, payable on or before the first (1st) day of each month commencing as of _____, and continuing through the expiration of the initial Lease Term.

5. No Further Modification. Except as specifically set forth in this Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

LANDLORD:

HCP OYSTER POINT III LLC,
a Delaware limited liability company

By: HCP-Pointe Grand, Incorporated

By: _____
Jonathan M. Bergschneider
Executive Vice President

TENANT:

CYTOMX THERAPEUTICS, INC.
a Delaware limited liability company

By: _____
Name: _____
Its _____

By: _____
Name: _____
Title: _____

EXHIBIT H

FORM OF LETTER OF CREDIT

(Letterhead of a money center bank acceptable to the Landlord)

FAX NO. [(____) _____-_____]

[Insert Bank Name And Address]

DATE OF ISSUE: _____

BENEFICIARY:
[Insert Beneficiary Name And Address]

APPLICANT:
[Insert Applicant Name And Address]

LETTER OF CREDIT NO. _____

EXPIRATION DATE:
_____ AT OUR COUNTERS

AMOUNT AVAILABLE
USD [Insert Dollar Amount]
(U.S. DOLLARS [Insert Dollar Amount])

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN YOUR FAVOR FOR THE ACCOUNT OF [Insert Tenant's Name], A [Insert Entity Type], UP TO THE AGGREGATE AMOUNT OF USD[Insert Dollar Amount] ([Insert Dollar Amount] U.S. DOLLARS) EFFECTIVE IMMEDIATELY AND EXPIRING ON __Expiration Date) AVAILABLE BY PAYMENT UPON PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON [Insert Bank Name] WHEN ACCOMPANIED BY THE FOLLOWING DOCUMENT(S):

1. THE ORIGINAL OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND AMENDMENT(S), IF ANY.

2. BENEFICIARY'S SIGNED STATEMENT PURPORTEDLY SIGNED BY AN AUTHORIZED REPRESENTATIVE OF [Insert Landlord's Name], A [Insert Entity Type] ("LANDLORD") STATING THE FOLLOWING:

"THE UNDERSIGNED HEREBY CERTIFIES THAT THE LANDLORD, EITHER (A) UNDER THE LEASE (DEFINED BELOW), OR (B) AS A RESULT OF THE TERMINATION OF SUCH LEASE, HAS THE RIGHT TO DRAW DOWN THE AMOUNT OF USD_____IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), OR SUCH AMOUNT CONSTITUTES DAMAGES OWING BY THE TENANT TO BENEFICIARY RESULTING FROM THE BREACH OF SUCH LEASE BY THE TENANT THEREUNDER, OR THE TERMINATION OF SUCH LEASE, AND SUCH AMOUNT REMAINS UNPAID AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT WE HAVE RECEIVED A WRITTEN NOTICE OF [Insert Bank Name]'S ELECTION NOT TO EXTEND ITS STANDBY LETTER OF CREDIT NO. _____ AND HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT WITHIN AT LEAST THIRTY (30) DAYS PRIOR TO THE PRESENT EXPIRATION DATE."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF THE FILING OF A VOLUNTARY PETITION UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE BY THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF AN INVOLUNTARY PETITION HAVING BEEN FILED UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE AGAINST THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. _____ AS THE RESULT OF THE REJECTION, OR DEEMED REJECTION, OF THAT CERTAIN OFFICE LEASE DATED [Insert Lease Date], AS AMENDED, UNDER SECTION 365 OF THE U.S. BANKRUPTCY CODE."

SPECIAL CONDITIONS:

PARTIAL DRAWINGS AND MULTIPLE PRESENTATIONS MAY BE MADE UNDER THIS STANDBY LETTER OF CREDIT, PROVIDED, HOWEVER, THAT EACH SUCH DEMAND THAT IS PAID BY US SHALL REDUCE THE AMOUNT AVAILABLE UNDER THIS STANDBY LETTER OF CREDIT.

ALL INFORMATION REQUIRED WHETHER INDICATED BY BLANKS, BRACKETS OR OTHERWISE, MUST BE COMPLETED AT THE TIME OF DRAWING. [Please Provide The Required Forms For Review, And Attach As Schedules To The Letter Of Credit.]

ALL SIGNATURES MUST BE MANUALLY EXECUTED IN ORIGINALS.

ALL BANKING CHARGES ARE FOR THE APPLICANT'S ACCOUNT.

IT IS A CONDITION OF THIS STANDBY LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF ONE YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE EXPIRATION DATE WE SEND YOU NOTICE BY NATIONALLY

RECOGNIZED OVERNIGHT COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR ANY SUCH ADDITIONAL PERIOD. SAID NOTICE WILL BE SENT TO THE ADDRESS INDICATED ABOVE, UNLESS A CHANGE OF ADDRESS IS OTHERWISE NOTIFIED BY YOU TO US IN WRITING BY RECEIPTED MAIL OR COURIER. ANY NOTICE TO US WILL BE DEEMED EFFECTIVE ONLY UPON ACTUAL RECEIPT BY US AT OUR DESIGNATED OFFICE. IN NO EVENT, AND WITHOUT FURTHER NOTICE FROM OURSELVES, SHALL THE EXPIRATION DATE BE EXTENDED BEYOND A FINAL EXPIRATION DATE OF ____ (120 days from the Lease Expiration Date).

THIS LETTER OF CREDIT MAY BE TRANSFERRED SUCCESSIVELY IN WHOLE OR IN PART ONLY UP TO THE THEN AVAILABLE AMOUNT IN FAVOR OF A NOMINATED TRANSFEREE ("TRANSFEREE"), ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE IS IN COMPLIANCE WITH ALL APPLICABLE U.S. LAWS AND REGULATIONS. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S) IF ANY, MUST BE SURRENDERED TO US TOGETHER WITH OUR TRANSFER FORM (AVAILABLE UPON REQUEST) AND PAYMENT OF OUR CUSTOMARY TRANSFER FEES, WHICH FEES SHALL BE PAYABLE BY APPLICANT (PROVIDED THAT BENEFICIARY MAY, BUT SHALL NOT BE OBLIGATED TO, PAY SUCH FEES TO US ON BEHALF OF APPLICANT, AND SEEK REIMBURSEMENT THEREOF FROM APPLICANT). IN CASE OF ANY TRANSFER UNDER THIS LETTER OF CREDIT, THE DRAFT AND ANY REQUIRED STATEMENT MUST BE EXECUTED BY THE TRANSFEREE AND WHERE THE BENEFICIARY'S NAME APPEARS WITHIN THIS STANDBY LETTER OF CREDIT, THE TRANSFEREE'S NAME IS AUTOMATICALLY SUBSTITUTED THEREFOR.

ALL DRAFTS REQUIRED UNDER THIS STANDBY LETTER OF CREDIT MUST BE MARKED: "DRAWN UNDER [Insert Bank Name] STANDBY LETTER OF CREDIT NO. _____."

WE HEREBY AGREE WITH YOU THAT IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AT OR PRIOR TO [Insert Time – (*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS PRESENTED CONFORM TO THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SUCCEEDING BUSINESS DAY. IF DRAFTS ARE PRESENTED TO [Insert Bank Name] UNDER THIS LETTER OF CREDIT AFTER [Insert Time – (*e.g.*, 11:00 AM)], ON A BUSINESS DAY, AND PROVIDED THAT SUCH DRAFTS CONFORM WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT, PAYMENT SHALL BE INITIATED BY US IN IMMEDIATELY AVAILABLE FUNDS BY OUR CLOSE OF BUSINESS ON THE SECOND SUCCEEDING BUSINESS DAY. AS USED IN THIS LETTER OF CREDIT, "BUSINESS DAY" SHALL MEAN ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKING INSTITUTIONS IN THE STATE OF CALIFORNIA ARE AUTHORIZED OR REQUIRED BY LAW TO CLOSE. IF THE EXPIRATION DATE FOR THIS LETTER OF CREDIT SHALL EVER FALL ON A DAY WHICH IS NOT A BUSINESS DAY THEN SUCH EXPIRATION DATE SHALL AUTOMATICALLY BE EXTENDED TO THE DATE WHICH IS THE NEXT BUSINESS DAY.

PRESENTATION OF A DRAWING UNDER THIS LETTER OF CREDIT MAY BE MADE ON OR PRIOR TO THE THEN CURRENT EXPIRATION DATE HEREOF BY HAND DELIVERY, COURIER SERVICE, OVERNIGHT MAIL, OR FACSIMILE. PRESENTATION BY FACSIMILE TRANSMISSION SHALL BE BY TRANSMISSION OF THE ABOVE REQUIRED SIGHT DRAFT DRAWN ON US TOGETHER WITH THIS LETTER OF CREDIT TO OUR FACSIMILE NUMBER, [Insert Fax Number – (____) _____-_____], ATTENTION: [Insert Appropriate Recipient], WITH TELEPHONIC CONFIRMATION OF OUR RECEIPT OF SUCH FACSIMILE TRANSMISSION AT

OUR TELEPHONE NUMBER [Insert Telephone Number – (____) _____-_____] OR TO SUCH OTHER FACSIMILE OR TELEPHONE NUMBERS, AS TO WHICH YOU HAVE RECEIVED WRITTEN NOTICE FROM US AS BEING THE APPLICABLE SUCH NUMBER. WE AGREE TO NOTIFY YOU IN WRITING, BY NATIONALLY RECOGNIZED OVERNIGHT COURIER SERVICE, OF ANY CHANGE IN SUCH DIRECTION. ANY FACSIMILE PRESENTATION PURSUANT TO THIS PARAGRAPH SHALL ALSO STATE THEREON THAT THE ORIGINAL OF SUCH SIGHT DRAFT AND LETTER OF CREDIT ARE BEING REMITTED, FOR DELIVERY ON THE NEXT BUSINESS DAY, TO [Insert Bank Name] AT THE APPLICABLE ADDRESS FOR PRESENTMENT PURSUANT TO THE PARAGRAPH FOLLOWING THIS ONE.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENT(S) DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS STANDBY LETTER OF CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE LOCATED AT [Insert Bank Name], [Insert Bank Address], ATTN: [Insert Appropriate Recipient], ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT, __(Expiration Date).

IN THE EVENT THAT THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT IS LOST, STOLEN, MUTILATED, OR OTHERWISE DESTROYED, WE HEREBY AGREE TO ISSUE A DUPLICATE ORIGINAL HEREOF UPON RECEIPT OF A WRITTEN REQUEST FROM YOU AND A CERTIFICATION BY YOU (PURPORTEDLY SIGNED BY YOUR AUTHORIZED REPRESENTATIVE) OF THE LOSS, THEFT, MUTILATION, OR OTHER DESTRUCTION OF THE ORIGINAL HEREOF.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS STANDBY LETTER OF CREDIT IS SUBJECT TO THE "INTERNATIONAL STANDBY PRACTICES" (ISP 98) INTERNATIONAL CHAMBER OF COMMERCE (PUBLICATION NO. 590).

Very truly yours,

(Name of Issuing Bank)

By: _____

CONSENT TO SUBLEASE AGREEMENT

THIS CONSENT TO SUBLEASE AGREEMENT (this "**Agreement**") is made as of July 11, 2016, by and among HCP OYSTER POINT III LLC, a Delaware limited liability company ("**Landlord**"), CYTOMX THERAPEUTICS, INC., a Delaware corporation ("**Tenant**"), and ALECTOR LLC, a Delaware limited liability company ("**Subtenant**").

RECITALS

A. Reference is hereby made to that certain Lease dated December 10, 2015, between Landlord and Tenant (the "**Lease**"), for certain premises comprised of approximately 76,173 rentable square feet of space (the "**Premises**"), located on the third and fourth floors of a four-story building at 151 Oyster Point Boulevard, South San Francisco, California 94080.

B. Pursuant to the terms of Article 14 of the Lease, Tenant has requested Landlord's consent to that certain Sublease dated April 25, 2016, between Tenant and Subtenant (the "**Sublease**"), with respect to a subletting by Subtenant of a portion of the Premises comprised of approximately 15,748 rentable square feet of space, as more particularly described in the Sublease (the "**Sublet Premises**"). A copy of the Sublease is attached hereto as Exhibit A. Landlord is willing to consent to the Sublease in the terms and conditions contained herein.

C. All defined terms not otherwise expressly defined herein shall have the respective meanings given in the Lease.

AGREEMENT

1. Landlord's Consent. Landlord hereby consents to the Sublease; provided, however, notwithstanding anything contained in the Sublease to the contrary, such consent is granted by Landlord only upon the terms and conditions set forth in this Agreement. The Sublease is subject and subordinate to the Lease. Landlord shall not be bound by any of the terms, covenants, conditions, provisions or agreements of the Sublease. Subtenant acknowledges for the benefit of Landlord that the Sublet Premises are presently being improved pursuant to Section 1.1.1 and **Exhibit B** of the Lease and that Landlord has made no representation or warranty to Subtenant as to the compliance of the Sublet Premises with any law, statute, ordinance, rule or regulation. Tenant and Subtenant hereby represent and warrant to Landlord that the copy of the Sublease attached hereto is a full, complete and accurate copy of the Sublease, and that there are no other documents or instruments relating to the use of the Sublet Premises by Subtenant other than the Sublease.

2. Reimbursement of Landlord. Within thirty (30) days after written request by Landlord, Tenant shall reimburse Landlord all of Landlord's reasonable review and processing fees, as well as any reasonable professional fees, including, without limitation, all reasonable attorneys' accountants', architects', engineers' and consultants' fees, incurred by Landlord in connection with its review and consent of the Sublease and preparation and negotiation of this Agreement, not to exceed $3,500.00.

3. Non-Release of Tenant; Further Transfers. Neither the Sublease nor this consent thereto shall release or discharge Tenant from any liability, whether past, present or future, under the Lease or alter the primary liability of the Tenant to pay the rent and perform and comply with all of the obligations of Tenant to be performed under the Lease (including the payment of all bills rendered by Landlord for charges incurred by the Subtenant for services and materials supplied to the Sublet Premises). Neither the Sublease nor this consent thereto shall be construed as a waiver of Landlord's right to consent to any

further subletting either by Tenant or by the Subtenant, or to any assignment by Tenant of the Lease or assignment by the Subtenant of the Sublease, or as a consent to any portion of the Sublet Premises being used or occupied by any other party, except that Subtenant shall have the right to make a Permitted Transfer (as that term is defined in the Lease) without Landlord's consent in accordance with Section 14.8 of the Lease. Landlord may consent to subsequent sublettings and assignments of the Lease or the Sublease or any amendments or modifications thereto without notifying Tenant nor anyone else liable under the Lease and without obtaining their consent. No such action by Landlord shall relieve such persons from any liability to Landlord or otherwise with regard to the Sublet Premises.

4. Relationship With Landlord. Tenant hereby assigns and transfers to Landlord the Tenant's interest in the Sublease and all rentals and income arising therefrom, subject to the terms of this Section 4. Landlord, by consenting to the Sublease agrees that except while a default beyond applicable notice and cure periods shall exist in the performance of Tenant's obligations under the Lease, Tenant may receive, collect and enjoy the rents accruing under the Sublease. In the event Tenant shall default beyond applicable notice and cure periods in the performance of its obligations to Landlord under the Lease (whether or not Landlord terminates the Lease), Landlord may at its option by notice to Tenant, either (i) terminate the Sublease (only if Landlord terminates the Lease), (ii) elect to receive and collect, directly from Subtenant, all rent and any other sums owing and to be owed under the Sublease, as further set forth in Section 4.1, below, or (iii) elect to succeed to Tenant's interest in the Sublease and cause Subtenant to attorn to Landlord, as further set forth in Section 4.2, below (only if Landlord terminates the Lease).

4.1 Landlord's Election to Receive Rents. Landlord shall not, by reason of the Sublease, nor by reason of the collection of rents or any other sums from the Subtenant pursuant to Section 4, item (ii), above, be deemed liable to Subtenant for any failure of Tenant to perform and comply with any obligation of Tenant, and Tenant hereby irrevocably authorizes and directs Subtenant, upon receipt of any written notice from Landlord stating that a default beyond applicable notice and cure periods exists in the performance of Tenant's obligations under the Lease, to pay to Landlord the rents and any other sums due and to become due under the Sublease. Tenant agrees that Subtenant shall have the right to rely upon any such statement and request from Landlord, and that Subtenant shall pay any such rents and any other sums to Landlord without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Tenant to the contrary. Tenant shall not have any right or claim against Subtenant for any such rents or any other sums so paid by Subtenant to Landlord. 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 be deemed an attornment by the Landlord to Subtenant or by Subtenant to Landlord, be deemed a waiver by Landlord of any provision of the Lease, or serve to release Tenant from any liability under the terms, covenants, conditions, provisions or agreements under the Lease. Notwithstanding the foregoing, any other payment of rent from the Subtenant directly to Landlord, regardless of the circumstances or reasons therefor, shall in no 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.

4.2 Landlord's Election of Tenant's Attornment. In the event Landlord elects, at its option, to cause Subtenant to attorn to Landlord pursuant to Section 4, item (iii), above, Landlord shall undertake the obligations of Tenant under the Sublease from the time of the exercise of the option, but Landlord shall not (i) be liable for any prepayment of more than one month's rent or any security deposit paid by Subtenant (unless actually received by Landlord), (ii) be liable for any previous act or omission of Tenant under the Lease or for any other defaults of Tenant under the Sublease, (iii) be subject to any defenses or offsets previously accrued which Subtenant may have against Tenant, or (iv) be bound by any changes or modifications made to the Sublease without the written consent of Landlord.

4.3 Operational Matters. Notwithstanding Landlord's consent to the Sublease as set forth herein, Landlord shall not be obligated to accept from Subtenant any payments of Base Rent or Additional Rent due under the Lease, all of which shall be paid by Tenant as set forth in the Lease. Requests for building services as provided under the Lease, including without limitation, parking privileges, repair and maintenance services, or any other services or obligations to be performed by Landlord under the terms of the Lease, shall be made by Tenant, and Landlord shall have no obligation to respond to any direct request of Subtenant regarding the same.

4.4 No Waiver. The acceptance of any amounts by Landlord from Subtenant or any other party shall not be deemed a waiver by Landlord of the obligation of Tenant to pay any or all amount due and owing under the Lease. The performance of any obligation required by Tenant under the Lease by Subtenant or any other party shall not be deemed a waiver by Landlord of the duty of Tenant to perform such obligation or any other obligation as to which performance is or becomes due under the Lease.

4.5 Acts of Subtenant. Any act or omission by Subtenant, or by any other person or entity for whose acts or omissions Tenant is liable or responsible under the terms of the Lease, that violates any of the provisions of the Lease, shall be deemed a violation of the Lease by Tenant, subject to any applicable notice and cure provisions contained in the Lease.

4.6 Indemnification. Except as provided in Section 10.5 of the Lease or to the extent due to the negligence, willful misconduct or violation of the Lease by Landlord or the Landlord Parties, Subtenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever (including, but not limited to, any personal injuries resulting from a slip and fall in, upon or about the Premises) and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Subtenant or by other persons claiming through Subtenant. Tenant shall indemnify, defend, protect, and hold Landlord harmless from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in, on or about the Premises (including, but not limited to, a slip and fall), any acts, omissions or negligence of Subtenant or of any person claiming by, through or under Subtenant, or of the contractors, agents, servants, employees, invitees, guests or licensees of Subtenant or any such person, in, on or about the Premises, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord or the Landlord Parties, or Landlord's breach of its obligations under the Lease. The provisions of this Section 4.6 shall survive the expiration or sooner termination of the Sublease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

4.7 Insurance. Prior to Subtenant's occupancy of the Sublet Premises, Subtenant shall provide Landlord with certificates of all of the insurance required to be carried by Subtenant by the terms of the Lease and the Sublease, which shall show Landlord as being an additional insured thereunder. The waiver of subrogation contained in Section 10.5 of the Lease shall apply as between Landlord and Subtenant.

4.8 No Consent to Alterations or Particular Use. Notwithstanding anything contained in the Sublease to the contrary, Landlord's consent to the Sublease as contained in this Agreement shall not be deemed to be a consent to (i) any alteration or work of improvement that Tenant or Subtenant may desire or intend in the Sublet Premises, except that Landlord hereby approves of the Sublessee Changes (as defined in the Sublease) pursuant to Paragraph 2.C of the Sublease and the restoration of such Sublessee Changes to the configuration shown on the Plans (as defined in the Sublease), (ii) any use of

hazardous, radioactive or toxic materials in or about the Sublet Premises, except that Sublessee shall be permitted to use the Hazardous Materials identified on the Environmental Questionnaire attached as **Exhibit D** to the Sublease (as the same may be updated from time to time pursuant to Section 5.3 of the Lease), or (iii) any signage proposed to be installed for the benefit of Subtenant, except that Landlord agrees that, without reducing or diminishing Tenant's right to install its name in such locations, Subtenant may have the rights described in Section 23.1(i)-(iii) of the Lease to install certain exterior signage ("**Exterior Signage**"), provided that such Exterior Signage shall be considered "Tenant Signage" under the Lease, such rights are within and not in addition to the existing rights provided to Tenant by Section 23.1(i)-(iii) of the Lease, and such Exterior Signage shall remain subject to Landlord's approval rights (including with respect to the Sign Specifications defined in the Lease) in connection with Tenant Signage under Article 23 of the Lease.

5. General Provisions.

5.1 Consideration for Sublease. Tenant and Subtenant represent and warrant that there are no additional payments of rent or any other consideration of any type payable by Subtenant to Tenant with regard to the Sublet Premises other than as disclosed in the Sublease.

5.2 Brokerage Commission. Tenant and Subtenant covenant and agree that under no circumstances shall Landlord be liable for any brokerage commission or other charge or expense in connection with the Sublease and Tenant and Subtenant agree to protect, defend indemnify and hold Landlord harmless from and against the same and from any cost or expense (including, but not limited to, attorneys' fees) incurred by Landlord in resisting any claim for any such brokerage commission.

5.3 Recapture. This consent shall in no manner be construed as limiting Landlord's ability to exercise any rights to recapture any portion of the Premises, as set forth in the Lease, in the event of a proposed future sublease or assignment of such portion of the Premises.

5.4 Controlling Law. The terms and provisions of this Agreement shall be construed in accordance with and governed by the laws of the State of California.

5.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors and permitted assigns. As used herein, the singular number includes the plural and the masculine gender includes the feminine and neuter.

5.6 Captions. The paragraph captions utilized herein are in no way intended to interpret or limit the terms and conditions hereof; rather, they are intended for purposes of convenience only.

5.7 Partial Invalidity. If any term, provision or condition contained in this Agreement shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

5.8 Attorneys' Fees. If either party commences litigation against the other for the specific performance of this Agreement, for damages for the breach hereof or otherwise for enforcement of any remedy hereunder, the parties hereto agree to and hereby do waive any right to a trial by jury and, in the event of any such commencement of litigation, the prevailing party shall be entitled to recover from the other party such costs and reasonable attorneys' fees as may have been incurred.

[Signatures follow on next page]

IN WITNESS WHEREOF, the parties have executed this Consent to Sublease Agreement as of the day and year first above written.

"Landlord"

HCP OYSTER POINT III LLC,
a Delaware limited liability company

By: /s/ Jonathan M. Bergschneider
Name: Jonathan M. Bergschneider
Its: Executive Vice President

"Tenant"

CYTOMX THERAPEUTICS, INC.
a Delaware corporation

By: /s/ Robert Goeltz
Name: Robert Goeltz
Its: CEO

"Subtenant"

ALECTOR LLC,
a Delaware limited liability company

By: /s/ Arnon Rosenthal
Name: Arnon Rosenthal
Its: CEO

THE COVE AT OYSTER POINT

LEASE

This Lease (the "**Lease**"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between HCP OYSTER POINT III LLC, a Delaware limited liability company ("**Landlord**"), and ALECTOR LLC, a Delaware limited liability company ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE		DESCRIPTION
1.	Date:	June 27, 2018
2.	Premises (Article 1).	
	2.1 Building:	That certain five-story building containing approximately 175,830 rentable square feet of space ("**RSF**") located at: 131 Oyster Point Boulevard South San Francisco, California 94080
	2.2 Premises:	Approximately 104,899 RSF in the aggregate, comprised of (i) 34,988 RSF on the fourth (4th) floor, (ii) 34,988 RSF on the fifth (5th) floor, and (iii) 34,923 RSF on the sixth (6th) floor of the Building, as further set forth in **Exhibit A** to the Lease.
3.	Lease Term (Article 2).	
	3.1 Length of Term:	Ten (10) years.
	3.2 Lease Commencement Date:	The date that is the later of (i) the date the Premises are "Ready for Occupancy" as defined in the Tenant Work Letter attached hereto as **Exhibit B**, and (ii) April 1, 2019.
	3.3 Lease Expiration Date:	The day prior to the tenth (10th) anniversary of the Lease Commencement Date.

4. Base Rent (Article 3):

Lease Year	Annualized Base Rent	Monthly Installment of Base Rent	Monthly Base Rent per RSF
1 (months 1 - 8)*	N/A	$270,114.93	$5.15
1 (months 9 - 12)	N/A	$540,229.85	$5.15
2	$6,709,340.04	$559,111.67	$5.33

Lease Year	Annualized Base Rent	Monthly Installment of Base Rent	Monthly Base Rent per RSF
3	$6,944,229.88	$578,685.82	$5.5166
4	$7,187,175.96	$598,931.33	$5.7096
5	$7,438,807.69	$619,900.64	$5.9095
6	$7,699,125.04	$641,593.75	$6.1163
7	$7,968,631.56	$664,052.63	$6.3304
8	$8,247,453.10	$687,287.76	$6.5519
9	$8,536,093.19	$711,341.10	$6.7812
10	$8,834,929.46	$736,244.12	$7.0186

* Note that for the first eight (8) months of the Lease Term, Tenant's Base Rent obligation has been calculated as if the Premises contained only 50% of the rentable square feet of the Premises. Such calculation shall not affect Tenant's right to use the entire Premises, or Tenant's obligations under this Lease with respect to the entire Premises, including without limitation, Tenant's obligation to pay Tenant's Share of Direct Expenses with respect to the Premises which shall be as provided in Section 6 of this Summary, all in accordance with the terms and conditions of this Lease.

5.	Tenant Improvement Allowance: (**Exhibit B**):	$150.00 per RSF of the Premises (i.e., $15,734,850.00 for the 104,899 RSF of the Premises).
6.	Tenant's Share (Article 4):	59.66%
7.	Permitted Use (Article 5):	The Premises shall be used only for general office, research and development, engineering, lab scale manufacturing and laboratory and vivarium uses, including, but not limited to, administrative offices and other lawful uses reasonably related to or incidental to such specified uses, all (i) consistent with first class life sciences projects in South San Francisco, California ("**First Class Life Sciences Projects**"), and (ii) in compliance with, and subject to, applicable laws and the terms of this Lease.
8.	Letter of Credit (Article 21):	$1,472,488.24.
9.	Parking (Article 28):	The right to use up to 267 on-site parking spaces at the Project, on an unreserved basis, subject to the terms of Article 28 of the Lease.
10.	Address of Tenant (Section 29.18):	Before the commencement of the Lease: 151 Oyster Point Boulevard South San Francisco, California 94080 Attention: Vice President of Legal

		After the commencement of the Lease: Alector 131 Oyster Point Boulevard, Fourth Floor South San Francisco, California 94080 Attention: Vice President of Legal
11.	Address of Landlord (Section 29.18):	See Section 29.18 of the Lease.
12.	Broker(s) (Section 29.24):	CBRE, Inc.

1. PREMISES, BUILDING, PROJECT, AND COMMON AREAS.

1.1 **Premises, Building, Project and Common Areas**.

1.1.1 **The Premises**. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the "**Premises**"). The outline of the Premises is set forth in **Exhibit A** attached hereto. The outline of the "Building" and the "Project," as those terms are defined in Section 1.1.2 below, are further depicted on the Site Plan attached hereto as **Exhibit A**. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed. The parties hereto hereby acknowledge that the purpose of **Exhibit A** is to show the approximate location of the Premises only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the "Common Areas," as that term is defined in Section 1.1.3, below, or the elements thereof or of the accessways to the Premises or the "Project," as that term is defined in Section 1.1.2, below, and that the square footage of the Premises shall be as set forth in Section 2.1 of the Summary of Basic Lease Information. Except as specifically set forth in this Lease and in the Tenant Work Letter attached hereto as **Exhibit B** (the "**Tenant Work Letter**"), Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises. Tenant also acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty regarding the condition of the Premises, the Building or the Project or with respect to the suitability of any of the foregoing for the conduct of Tenant's business, except as specifically set forth in this Lease and the Tenant Work Letter. Landlord shall deliver the Premises to Tenant in good, vacant, broom clean condition, in compliance with all laws, with the roof water-tight and shall cause the plumbing, electrical systems, fire sprinkler system, lighting, and all other building systems serving the Premises, including the Generator, in good operating condition and repair on or before the Lease Commencement Date, or such earlier date as Landlord and Tenant mutually agree. Landlord will be responsible for causing the exterior of the Building, the existing Building entrances, and all exterior Common Areas (including required striping and handicapped spaces in the parking areas) to be in compliance with ADA and parking requirements, to the extent required to allow the legal occupancy of the Premises or completion of the Tenant Improvements. Notwithstanding anything in this Lease to the contrary, in connection with the foregoing Landlord shall, at Landlord's sole cost and expense (which shall not be deemed an "Operating Expense," as that term is defined in Section 4.2.4), repair or replace any failed or inoperable portion of the HVAC and other mechanical, plumbing, electrical or other building systems serving the Premises during the first twelve (12) months of the initial Lease Term ("**Warranty Period**"), provided that the need to repair or replace was not caused by the misuse, misconduct, damage, destruction, omissions, and/or negligence of Tenant, its subtenants and/or assignees, if any, or any company which is acquired, sold or merged with Tenant (collectively, "**Tenant Damage**"), or by any modifications, Alterations or improvements constructed by or on behalf of Tenant (which shall not include the Tenant Improvements). Landlord shall coordinate such work with Tenant and shall utilize commercially reasonable efforts to perform the same in a manner designed to minimize interference with Tenant's use of the Premises. To the extent repairs which Landlord is required to make pursuant to this Section 1.1.1 are necessitated in part by Tenant Damage, then Tenant shall reimburse Landlord for an equitable proportion of the cost of such repair.

1.1.2 **The Building and The Project**. The Premises constitutes the space set forth in Section 2.1 of the Summary (the "**Building**"). The Building is part of an office/laboratory project currently known as "The Cove at Oyster Point." The term "**Project**," as used in this Lease, shall mean (i) the Building and the Common Areas, (ii) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building and the Common Areas are located, (iii) the other office/laboratory buildings located at The Cove at Oyster Point, and the land upon which such adjacent office/laboratory buildings are located, and (iv) at Landlord's discretion, any additional real property, areas, land, buildings or other improvements added thereto outside of the Project (provided that any such additions do not increase Tenant's obligations under this Lease).

1.1.3 **Common Areas**. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project, which shall include the shipping and receiving area in the Building (such areas, together with such other portions of the Project designated by Landlord, in its discretion, are collectively referred to herein as the "**Common**

Areas"). Landlord shall maintain and operate the Common Areas, including all sprinkler and other systems serving the Common Areas, in a first class manner, and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may reasonably make from time to time. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas, provided that in connection therewith Landlord will use commercially reasonable efforts to minimize any interference with Tenant's use of and access to the Premises and parking areas. Landlord hereby acknowledges that as of the date of this Lease Landlord is planning to operate an amenities center in the Project for use by the tenants of the Project during the Lease Term, and in connection therewith Landlord agrees to utilize commercially reasonable efforts to operate and maintain such amenities center (which amenities center shall include a café) throughout the Lease Term; provided, however, Tenant nevertheless acknowledges herby that if despite such commercially reasonable efforts Landlord is unable for any reason to maintain continuous operation of the amenities center during the Lease Term, in no event shall such failure be deemed a default of the Lease, nor shall such failure impact the validity of this Lease and Landlord shall not be subject to any liability for such failure, provided that in such event Landlord shall utilize commercially reasonable efforts to provide replacement food services to Tenant (e.g., an on-site café in a different location or the routine scheduling of food trucks to the Project).

1.2 **Rentable Square Feet of Premises**. Tenant hereby acknowledges and agrees that Landlord shall have the one-time right during the Lease Term to remeasure the rentable square footage of the Premises and/or Building in accordance with the terms of this Section 1.2. Any such remeasurement shall be determined in accordance with the standards set forth in ANSI Z65.1-2010, as promulgated by the Building Owners and Managers Association (the "**BOMA Standard**"), and subject to related guidelines applicable thereto. Landlord's space planner/architect shall certify any such remeasurement and shall provide reasonable documentation to Tenant for Tenant's review following such remeasurement. In the event that Landlord's space planner/architect determines that the rentable square footage of the Premises and/or Building are different from those set forth in this Lease, all amounts, percentages and figures appearing or referred to in this Lease based upon such amounts (including, without limitation, the amount of the Base Rent, Tenant Improvement Allowance, Additional Tenant Improvement Allowance, and Tenant's Share) shall be modified in accordance with such determination, provided that Landlord and Tenant hereby acknowledge and agree that the rentable square footage of the Premises shall not increase by more than one percent (1%) from the rentable square footage set forth in Section 2.2 of the Summary. If such determination is made, it will be confirmed in writing by Landlord to Tenant.

1.3 **Right of First Offer**.

1.3.1 **Right of First Offer**. Subject to the terms and conditions of this Section 1.3, Landlord hereby grants to Tenant an on-going right of first offer during the initial Lease Term with respect to any space on the third (3rd) floor of the Building (the "**First Offer Space**"). Notwithstanding the foregoing, such first offer right of Tenant shall commence only following the Lease Commencement Date (the "**ROFO Commencement Date**") (and Landlord shall have the right to enter into leases in the building prior to the Lease Commencement Date (the "**Initial Leases**") without providing Tenant with notice or any opportunity to lease such space), and shall terminate at the end of the fifth (5th) Lease Year. Such right of first offer shall be subordinate to all rights granted in any Initial Leases, which rights relate to the First Offer Space and are set forth in the Initial Leases upon execution thereof, including, without limitation, any renewal, expansion, first offer, first refusal, first negotiation and other rights, regardless of whether such rights are executed strictly in accordance with their respective terms or pursuant to a lease amendment or a new lease (the "**Superior Rights**"). Further, such right of first offer shall be subject and subordinate to the terms of any renewal right contained in any lease of the First Offer Space entered into by Landlord with a third party after Tenant's failure to exercise its right of first offer as provided in this Section 1.3 (the "**Intervening Leases**"). All such tenants under Initial Leases or Intervening Leases, are collectively referred to as the "**Superior Right Holders**".

1.3.2 **Procedure for Lease**.

1.3.2.1 **Procedure for Offer**. Subject to the terms hereof, Landlord shall notify Tenant (the "**First Offer Notice**") prior to entering into any lease with a third party for the First Offer Space, which notice shall outline the base rent, allowance amounts if any, length of term, and other economic terms on which Landlord would be willing to lease the First Offer Space (as set forth in such proposal) to Tenant (the "**Fundamental Terms**"). Pursuant to such First Offer Notice, Landlord shall offer to lease to Tenant the applicable First Offer Space on the Fundamental Terms.

1.3.2.2 **Procedure for Acceptance**. If Tenant wishes to exercise Tenant's right of first offer with respect to the First Offer Space described in the First Offer Notice, then within seven (7) days after delivery of the First Offer Notice to Tenant, Tenant shall deliver notice to Landlord of Tenant's irrevocable exercise of its right of first offer with respect to all of the First Offer Space described in the First Offer Notice on the Fundamental Terms provided for therein. If Tenant does not so notify Landlord within such seven (7) day period of Tenant's exercise of its first offer right, then Landlord shall be free to negotiate and enter into a lease for the First Offer Space to anyone whom it desires on any terms that Landlord desires, provided that, if Landlord has not entered into any such lease within one hundred eighty (180) days after the date of delivery of the First Offer Notice, then, prior to entering into any lease of such First Offer Space, Landlord shall first again offer such space to Tenant in accordance with the terms of this Section 1.3, provided that, prior to the entering into a lease of such space on terms that are more than 10% more favorable to the tenant than those set forth in the First Offer Notice (as determined on a net effective basis), Landlord shall first deliver any other First Officer Notice to Tenant offering such space to Tenant on such reduced terms. Tenant shall respond to any such "re-offer" within five (5) days after delivery of such "re-offer" notice.

1.3.2.3 **Construction In First Offer Space**. Unless the Fundamental Terms provided to Tenant for the First Offer Space otherwise specify, Tenant shall take the First Offer Space in its "as is" condition, and Landlord shall not be obligated to provide or pay for any improvement of the First Offer Space. For the avoidance of doubt, if the Fundamental Terms include a tenant improvement allowance or a turn-key build out, Tenant shall receive the same allowance or turn-key build out, as applicable.

1.3.2.4 **Lease of First Offer Space**. If Tenant timely exercises Tenant's right of first offer to lease First Offer Space as set forth herein, Tenant shall within fifteen (15) days after receipt of Landlord's first draft of an amendment accurately setting forth the Fundamental Terms and not containing any new material terms, enter an amendment to this Lease (the "**First Offer Space Amendment**") for such First Offer Space pursuant to this Section 1.3. Tenant's lease of such First Offer Space shall be upon the express terms set forth in the First Offer Notice, but otherwise upon the same general terms and conditions set forth in this Lease and this Section 1.3. The First Offer Space Lease shall not contain the rights set forth in Section 2.2, below, unless such rights were set forth in the First Offer Notice. The term of Tenant's lease of the First Offer Space shall commence on the date set forth in the First Offer Notice (provided that such commencement date shall in no event be earlier than the date of Landlord's delivery of the applicable First Offer Space to Tenant), and shall expire on the applicable date set forth in the First Offer Notice (the "**First Offer Space Expiration Date**").

1.3.2.5 **Limitation of Exercise of First Offer Right**. The right to lease First Offer Space as provided in this Section 1.3 may not be exercised if, as of the date of the attempted exercise of the expansion option by Tenant, Tenant is in default under this Lease, beyond any applicable notice and cure period. The terms of this Section 1.3 shall be personal to the originally named Tenant hereunder (the "**Original Tenant**") or a Permitted Transferee, and may not be exercised by any assignee, subtenant, or other Transferee of Original Tenant's interest in this Lease other than a Permitted Transferee. Tenant's right of first offer shall be continuous during the initial Lease Term. Tenant's rejection of any particular offer shall not relieve Landlord of its obligation to again offer the First Offer Space to Tenant any time the First Offer Space subsequently becomes available (provided that Tenant's rights under this Section 1.3 shall be subject and subordinate to the renewal rights of any tenant under a lease entered into by Landlord after Tenant has declined or failed to respond to a First Offer Notice).

2. LEASE TERM; OPTION TERM.

2.1 **Lease Term**. The terms and provisions of this Lease shall be effective as of the date of this Lease. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set forth in Section 3.2 of the Summary (the "**Lease Commencement Date**"), and shall terminate on the date set forth in Section 3.3 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the term "**Lease Year**" shall mean each consecutive twelve (12) month period during the Lease Term. At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in **Exhibit C**, attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within five (5) days of receipt thereof. Notwithstanding the foregoing, if Landlord has not delivered possession of the Premises in the condition required by Section 1.1.1, above, (1) on or before May 1, 2019, then, as Tenant's sole remedy for such delay, the date Tenant is otherwise obligated to commence

payment of rent shall be delayed by one day for each day that the delivery date is delayed beyond such date, or (2) January 1, 2020, then, Tenant shall also have the right to terminate this Lease by written notice thereof to Landlord, whereupon any monies previously paid by Tenant to Landlord shall be reimbursed to Tenant. The foregoing dates shall be extended to the extent of any delays in delivery of possession caused by (i) Tenant Delay, as provided in Section 1(j) of the Tenant Work Letter, or (ii) war, terrorism, acts of God, natural disaster, civil unrest, governmental strike or area-wide or industry-wide labor disputes, inability to obtain services, labor, or materials or reasonable substitutes therefor, or delays due to utility companies that are not the result of any action or inaction of Landlord (provided that any such delay in this item (ii) shall not extend any such date by more than ninety (90) days).

2.2 **Option Term**.

2.2.1 **Option Right**. Landlord hereby grants to the Original Tenant, and its "Permitted Assignees", as that term is defined in Section 14.8, below, one (1) option to extend the Lease Term for a period of ten (10) years (the "**Option Term**"), which option shall be irrevocably exercised only by written notice delivered by Tenant to Landlord not more than twelve (12) months nor less than nine (9) months prior to the expiration of the initial Lease Term, provided that the following conditions **(**the "**Option Conditions**") are satisfied: (i) as of the date of delivery of such notice, Tenant is not in default under this Lease, after the expiration of any applicable notice and cure period; (ii) Tenant has not previously been in default under this Lease, after the expiration of any applicable notice and cure period, more than twice in the twelve (12) month period prior to the date of Tenant's attempted exercise; and (iii) the Lease then remains in full force and effect. Landlord may, at Landlord's option, exercised in Landlord's sole and absolute discretion, waive any of the Option Conditions in which case the option, if otherwise properly exercised by Tenant, shall remain in full force and effect. Upon the proper exercise of such option to extend, and provided that Tenant satisfies all of the Option Conditions (except those, if any, which are waived by Landlord), the Lease Term, as it applies to the Premises, shall be extended for a period of ten (10) years. The rights contained in this Section 2.2 shall be personal to Original Tenant and any Permitted Assignees, and may be exercised by Original Tenant or such Permitted Assignees (and not by any assignee, sublessee or other "Transferee," as that term is defined in Section 14.1 of this Lease, of Tenant's interest in this Lease).

2.2.2 **Option Rent**. The annual Rent payable by Tenant during the Option Term (the "**Option Rent**") shall be equal to the "Fair Rental Value," as that term is defined below, for the Premises as of the commencement date of the Option Term. The "**Fair Rental Value**," as used in this Lease, shall be equal to the annual rent per rentable square foot (including additional rent and considering any "base year" or "expense stop" applicable thereto), including all escalations, at which tenants (pursuant to leases consummated within the twelve (12) month period preceding the first day of the Option Term), are leasing non-sublease, non-encumbered, non-equity space which is not significantly greater or smaller in size than the subject space, with a comparable level of improvements (excluding any property that Tenant would be allowed to remove from the Premises at the termination of the Lease), for a comparable lease term, in an arm's length transaction, which comparable space is located in the "Comparable Buildings," as that term is defined in this Section 2.2.2, below (transactions satisfying the foregoing criteria shall be known as the "**Comparable Transactions**"), taking into consideration the following concessions (the "**Concessions**"): (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; (b) tenant improvements or allowances provided or to be provided for such comparable space, and taking into account the value, if any, of the existing improvements in the subject space, such value to be based upon the age, condition, design, quality of finishes and layout of the improvements and the extent to which the same can be utilized by a general office/lab user other than Tenant; and (c) other reasonable monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the Fair Rental Value, no consideration shall be given to the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant's exercise of its right to extend the Lease Term, or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space. The Concessions shall be reflected in the effective rental rate (which effective rental rate shall take into consideration the total dollar value of such Concessions as amortized on a straight-line basis over the applicable term of the Comparable Transaction (in which case such Concessions evidenced in the effective rental rate shall not be granted to Tenant)) payable by Tenant. The term "**Comparable Buildings**" shall mean the Building and those other life sciences buildings which are comparable to the Building in terms of age (based upon the date of completion of construction or major renovation of to the building), quality of construction, level of services and amenities, size and appearance, and are located in South San Francisco, California and the surrounding commercial area.

2.2.3 **Determination of Option Rent**. In the event Tenant timely and appropriately exercises an option to extend the Lease Term, Landlord shall notify Tenant of Landlord's determination of the Option Rent within thirty (30) days thereafter. If Tenant, on or before the date which is ten (10) days following the date upon which Tenant receives Landlord's determination of the Option Rent, in good faith objects to Landlord's determination of the Option Rent, then Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) days following Tenant's objection to the Option Rent (the "**Outside Agreement Date**"), then Tenant shall have the right to withdraw its exercise of the option by delivering written notice thereof to Landlord within five (5) days thereafter, in which event Tenant's right to extend the Lease pursuant to this Section 2.2 shall be of no further force or effect. If Tenant does not withdraw its exercise of the extension option, each party shall make a separate determination of the Option Rent, as the case may be, within ten (10) days after the Outside Agreement Date, and such determinations shall be submitted to arbitration in accordance with Sections 2.2.3.1 through 2.2.3.7, below. If Tenant fails to object to Landlord's determination of the Option Rent within the time period set forth herein, then Tenant shall be deemed to have objected to Landlord's determination of Option Rent.

2.2.3.1 Landlord and Tenant shall each appoint one arbitrator who shall be a real estate appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the appraisal of other class A life sciences buildings located in the South San Francisco market area. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Option Rent, taking into account the requirements of Section 2.2.2 of this Lease, as determined by the arbitrators. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date. Landlord and Tenant may consult with their selected arbitrators prior to appointment and may select an arbitrator who is favorable to their respective positions. The arbitrators so selected by Landlord and Tenant shall be deemed "**Advocate Arbitrators**."

2.2.3.2 The two (2) Advocate Arbitrators so appointed shall be specifically required pursuant to an engagement letter within ten (10) days of the date of the appointment of the last appointed Advocate Arbitrator to agree upon and appoint a third arbitrator ("**Neutral Arbitrator**") who shall be qualified under the same criteria set forth hereinabove for qualification of the two Advocate Arbitrators, except that neither the Landlord or Tenant or either parties' Advocate Arbitrator may, directly or indirectly, consult with the Neutral Arbitrator prior or subsequent to his or her appearance. The Neutral Arbitrator shall be retained via an engagement letter jointly prepared by Landlord's counsel and Tenant's counsel.

2.2.3.3 The three arbitrators shall, within thirty (30) days of the appointment of the Neutral Arbitrator, reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent, and shall notify Landlord and Tenant thereof.

2.2.3.4 The decision of the majority of the three arbitrators shall be binding upon Landlord and Tenant.

2.2.3.5 If either Landlord or Tenant fails to appoint an Advocate Arbitrator within fifteen (15) days after the Outside Agreement Date, then either party may petition the presiding judge of the Superior Court of San Mateo County to appoint such Advocate Arbitrator subject to the criteria in Section 2.2.3.1 of this Lease, or if he or she refuses to act, either party may petition any judge having jurisdiction over the parties to appoint such Advocate Arbitrator.

2.2.3.6 If the two (2) Advocate Arbitrators fail to agree upon and appoint the Neutral Arbitrator, then either party may petition the presiding judge of the Superior Court of San Mateo County to appoint the Neutral Arbitrator, subject to criteria in Section 2.2.3.1 of this Lease, or if he or she refuses to act, either party may petition any judge having jurisdiction over the parties to appoint such arbitrator.

2.2.3.7 The cost of the arbitration shall be paid by Landlord and Tenant equally.

2.2.3.8 In the event that the Option Rent shall not have been determined pursuant to the terms hereof prior to the commencement of the Option Term, Tenant shall be required to pay the Option Rent initially provided by Landlord to Tenant, and upon the final determination of the Option Rent, the payments made by Tenant shall be reconciled with the actual amounts of Option Rent due, and the appropriate party shall make any corresponding payment to the other party.

2.3 **Result of Early Relocation or Expansion**. In the event that Landlord and Tenant fully execute and deliver a new lease agreement (the "**New Lease**") for other space in the Project (or other space in a project wholly owned by an affiliate or affiliates of Landlord) which satisfies the following conditions: (i) a term for such New Lease which extends beyond the Lease Expiration Date of this Lease as set forth in Section 3.4 of the Summary, and (ii) the premises under such New Lease containing no less 100,000 RSF, and provided that Tenant is not then in default of this Lease beyond any applicable notice and cure period, then Tenant shall have the right to terminate this Lease without the payment of any penalty or termination fee by delivering written notice (the "**Tenant Termination Notice**") to Landlord not less than thirty (30) days prior to the commencement date under such New Lease, and in the event such Tenant Termination Notice is timely delivered by Tenant to Landlord, then this Lease shall terminate effective as of the date which is five (5) business days following the commencement date under such New Lease (the "**Tenant Early Termination Date**"). To the extent Tenant exercises its right to terminate this Lease, pursuant to the terms of this Section 2.3, then this Lease shall terminate effective as of the Tenant Early Termination Date with the same force and effect as if the Lease were scheduled to expire in accordance with its terms as of such Tenant Early Termination Date, subject to the provisions of this Lease which expressly survive the expiration or earlier termination of this Lease. Tenant's obligation to repay any Additional Tenant Improvement Allowance used by Tenant as provided in the Tenant Work Letter shall survive any such termination of this Lease.

3. BASE RENT. Tenant shall pay, without prior notice or demand, to Landlord at the address set forth in Section 4 of the Summary, or, at Landlord's option, at such other place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary in advance on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever. The Base Rent for the first full month of the Lease Term shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Lease Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

4. ADDITIONAL RENT.

4.1 **General Terms**.

4.1.1 **Direct Expenses; Additional Rent**. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay "**Tenant's Share**" of the annual "**Direct Expenses**," as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease, respectively, allocable to the Building as described in Section 4.3. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the "**Additional Rent**", and the Base Rent and the Additional Rent are herein collectively referred to as "**Rent**." All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term.

4.1.2 **Triple Net Lease**. Landlord and Tenant acknowledge that, to the extent provided in this Lease, it is their intent and agreement that this Lease be a "**TRIPLE NET**" lease and that as such, the provisions contained in this Lease are intended to pass on to Tenant or reimburse Landlord for the costs and expenses reasonably associated with this Lease, the Building and the Project, and Tenant's operation therefrom to the extent provided in this Lease. To the extent such costs and expenses payable by Tenant cannot be charged directly to, and paid by, Tenant, such costs and expenses shall be paid by Landlord but reimbursed by Tenant as Additional Rent.

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 Intentionally Deleted.

4.2.2 "**Direct Expenses**" shall mean "**Operating Expenses**" and "**Tax Expenses**."

4.2.3 "**Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.4 "**Operating Expenses**" shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities, the cost of operating, repairing and maintaining the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which are reasonably likely to increase Operating Expenses during the Lease Term, and the costs incurred in connection with a governmentally mandated transportation system management program or similar program; (iii) the cost of all insurance carried by Landlord in connection with the Project and Premises as reasonably determined by Landlord; (iv) the cost of landscaping, relamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) the cost of parking area operation, repair, restoration, and maintenance; (vi) management and/or incentive fees, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project; (vii) payments under any equipment rental agreements; (viii) subject to item (f), below, wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; (ix) costs under any easement pertaining to the sharing of costs by the Project; (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Project; (xi) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in Common Areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including interest on the unamortized cost) over such period of time as Landlord shall reasonably determine, of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are intended to effect economies in the operation or maintenance of the Project, or any portion thereof, or to reduce current or future Operating Expenses or to enhance the safety or security of the Project or its occupants, (B) which are required to comply with present or anticipated conservation programs, (C) which are replacements or modifications of nonstructural items located in the Common Areas required to keep the Common Areas in good order or condition, or (D) which are required under any governmental law or regulation; provided, however, that any capital expenditure shall be amortized (including reasonable interest on the amortized cost) over the reasonable useful life of such capital item; and (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or local government for fire and police protection, trash removal, community services, or other services which do not constitute "Tax Expenses" as that term is defined in Section 4.2.5, below, and (xv) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building, including, without limitation, any covenants, conditions and restrictions affecting the property, and reciprocal easement agreements affecting the property, any parking licenses, and any agreements with transit agencies affecting the Property (collectively, "**Underlying Documents**"). Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(a) costs, including legal fees, space planners' fees, advertising and promotional expenses (except as otherwise set forth above), and brokerage fees incurred in connection with the original construction or development, or original or future leasing of the Project, and costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for new tenants initially occupying space in the Project after the Lease Commencement Date or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Project (excluding, however, such costs relating to any common areas of the Project or parking facilities);

(b) except as set forth in items (xii), (xiii), and (xiv) above, depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest;

(c) costs for which the Landlord is reimbursed by any tenant or occupant of the Project or by insurance by its carrier or any tenant's carrier or by anyone else, electric power costs for which any tenant directly contracts with the local public service company and costs of utilities and services provided to other tenants that are not provided to Tenant;

(d) any bad debt loss, rent loss, or reserves for bad debts or rent loss or other reserves to the extent not used in the same year;

(e) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Project (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Project). Costs associated with the operation of the business of the partnership or entity which constitutes the Landlord include costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Project, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants;

(f) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Project manager;

(g) amount paid as ground rental for the Project by the Landlord;

(h) except for a property management fee not to exceed three percent (3%) of gross revenues, overhead and profit increment paid to the Landlord, and any amounts paid to the Landlord or to subsidiaries or affiliates of the Landlord for services in the Project to the extent the same exceeds the costs of such services rendered by qualified, first-class unaffiliated third parties on a competitive basis;

(i) any compensation paid to clerks, attendants or other persons in commercial concessions operated by the Landlord (other than as direct reimbursement for costs which, if incurred directly by Landlord, would properly be included in Operating Expenses);

(j) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment which if purchased the cost of which would be excluded from Operating Expenses as a capital cost, except equipment not affixed to the Project which is used in providing engineering, janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Project;

(k) all items and services for which Tenant or any other tenant in the Project reimburses Landlord or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(l) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(m) rent for the amenities center or for any office space occupied by Project management personnel;

(n) costs arising from the gross negligence or willful misconduct of Landlord or its agents, employees or contractors in connection with this Lease;

(o) costs incurred to comply with laws relating to the removal or remediation of hazardous material (as defined under applicable law), and any costs of fines or penalties relating to the presence of hazardous material, in each case to the extent not brought into the Building or Premises by Tenant or any Tenant Parties;

(p) costs to correct any construction defect in the Project or to remedy any violation of a covenant, condition, restriction, underwriter's requirement or law that exists as of the Lease Commencement Date;

(q) capital costs occasioned by casualties or condemnation.

(r) legal fees, accountants' fees (other than normal bookkeeping expenses) and other expenses incurred in connection with disputes of tenants or other occupants of the Project or associated with the enforcement of the terms of any leases with tenants or the defense of Landlord's title to or interest in the Project or any part thereof;

(s) costs incurred due to a violation by Landlord or any other tenant of the Project of the terms and conditions of a lease; and

(t) self-insurance retentions

4.2.5 **Taxes**.

4.2.5.1 "**Tax Expenses**" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including, without limitation, real estate taxes, general and special assessments, transit taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) Any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax; (iii) Any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and (iv) Any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises or the improvements thereon.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable attorneys' and consultants' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are incurred. Tax refunds shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as Additional Rent under this Article 4 for such Expense Year. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord upon demand Tenant's Share of any such increased Tax Expenses. Notwithstanding anything to the contrary contained in this

Section 4.2.5, there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, transfer taxes, estate taxes, federal and state income taxes, and other taxes to the extent applicable to Landlord's net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, (iii) any items paid by Tenant under Section 4.5 of this Lease, (iv) assessments in excess of the amount which would be payable if such assessment expense were paid in installments over the longest permitted term; (v) taxes imposed on land and improvements other than the Project; and (vi) tax increases resulting from the improvement of any of the Project for the sole use of other occupants.

4.2.6 "**Tenant's Share**" shall mean the percentage set forth in Section 6 of the Summary.

4.3 **Allocation of Direct Expenses**. The parties acknowledge that the Building is a part of a multi-building project and that the costs and expenses incurred in connection with the Project (i.e., the Direct Expenses) should be shared between the Building and the other buildings in the Project. Accordingly, as set forth in Section 4.2 above, Direct Expenses (which consist of Operating Expenses and Tax Expenses) are determined annually for the Project as a whole, and a portion of the Direct Expenses, which portion shall be determined by Landlord on an equitable basis, shall be allocated to the Building (as opposed to other buildings in the Project). Such portion of Direct Expenses allocated to the Building shall include all Direct Expenses attributable solely to the Building and a pro rata portion of the Direct Expenses attributable to the Project as a whole, and shall not include Direct Expenses attributable solely to other buildings in the Project.

4.4 **Calculation and Payment of Additional Rent**. Commencing on the Lease Commencement Date, Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1, below, and as Additional Rent, Tenant's Share of Direct Expenses for each Expense Year during the Lease Term.

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Landlord shall give to Tenant within five (5) months following the end of each Expense Year, a statement (the "**Statement**") which shall state the Direct Expenses incurred or accrued for such preceding Expense Year, and which shall indicate the amount of Tenant's Share of Direct Expenses. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, Tenant shall pay, with its next installment of Base Rent due that is at least thirty (30) days thereafter, the full amount of Tenant's Share of Direct Expenses for such Expense Year, less the amounts, if any, paid during such Expense Year as "**Estimated Direct Expenses**," as that term is defined in Section 4.4.2, below, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant's Share of Direct Expenses, Tenant shall receive a credit in the amount of Tenant's overpayment against Rent next due under this Lease. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, Tenant shall immediately pay to Landlord such amount, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant's Share of Direct Expenses, Landlord shall, within thirty (30) days, deliver a check payable to Tenant in the amount of the overpayment. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term. Notwithstanding the immediately preceding sentence, Tenant shall not be responsible for Tenant's Share of any Direct Expenses attributable to any Expense Year which are first billed to Tenant more than two (2) calendar years after the earlier of the expiration of the applicable Expense Year or the Lease Expiration Date, provided that in any event Tenant shall be responsible for Tenant's Share of Direct Expenses levied by any governmental authority or by any public utility companies at any time following the Lease Expiration Date which are attributable to any Expense Year (provided that Landlord delivers Tenant a bill for such amounts within two (2) years following Landlord's receipt of the bill therefor).

4.4.2 **Statement of Estimated Direct Expenses**. In addition, Landlord shall give Tenant a yearly expense estimate statement (the "**Estimate Statement**") which shall set forth Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Expenses for the then-current Expense Year shall be and the estimated Tenant's Share of Direct Expenses (the "**Estimated Direct Expenses**"). The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Direct Expenses under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Direct Expenses theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, with its next installment of Base Rent due that is at least thirty (30) days thereafter, a fraction of the Estimated Direct Expenses for the then-current Expense Year (reduced by any amounts paid pursuant to the last sentence of this Section 4.4.2). Such

fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Direct Expenses set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible**. Tenant shall be liable for and shall pay ten (10) days before delinquency, taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

4.6 **Landlord's Books and Records**. Within one hundred twenty (120) days after receipt by Tenant of a Statement, if Tenant disputes the amount of Additional Rent set forth in the Statement, a member of Tenant's finance department, or an independent certified public accountant (which accountant is a member of a nationally recognized accounting firm and is not working on a contingency fee basis) ("**Tenant's Accountant**"), designated and paid for by Tenant, may, after reasonable notice to Landlord and at reasonable times, inspect Landlord's records with respect to the Statement at Landlord's offices, provided that there is no existing Event of Default and Tenant has paid all amounts required to be paid under the applicable Estimate Statement and Statement, as the case may be. In connection with such inspection, Tenant and Tenant's agents must agree in advance to follow Landlord's reasonable rules and procedures regarding inspections of Landlord's records, and shall execute a commercially reasonable confidentiality agreement regarding such inspection. Tenant's failure to dispute the amount of Additional Rent set forth in any Statement within one hundred twenty (120) days of Tenant's receipt of such Statement shall be deemed to be Tenant's approval of such Statement and Tenant, thereafter, waives the right or ability to dispute the amounts set forth in such Statement. If after such inspection, Tenant still disputes such Additional Rent, a determination as to the proper amount shall be made, at Tenant's expense, by an independent certified public accountant (the "**Accountant**") selected by Landlord and subject to Tenant's reasonable approval; provided that if such Accountant determines that Direct Expenses were overstated by more than five percent (5%), then the cost of the Accountant and the cost of such determination shall be paid for by Landlord, and Landlord shall reimburse Tenant's the cost of the Tenant's Accountant (provided that such cost shall be a reasonable market cost for such services). Tenant hereby acknowledges that Tenant's sole right to inspect Landlord's books and records and to contest the amount of Direct Expenses payable by Tenant shall be as set forth in this Section 4.6, and Tenant hereby waives any and all other rights pursuant to applicable law to inspect such books and records and/or to contest the amount of Direct Expenses payable by Tenant.

5. USE OF PREMISES.

5.1 **Permitted Use**. Tenant shall use the Premises solely for the Permitted Use set forth in Section 7 of the Summary and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion.

5.2 **Prohibited Uses**. Tenant further covenants and agrees that Tenant shall not use or permit any person or persons to use, the Premises or any part thereof for any use or purpose in violation of the laws of the United States of America, the State of California, or the ordinances, regulations or requirements of the local municipal or county governing body or other lawful authorities having jurisdiction over the Project) including, without limitation, any such laws, ordinances, regulations or requirements relating to hazardous materials or substances, as those terms are defined by applicable laws now or hereafter in effect. Landlord shall have the right to impose reasonable, nondiscriminatory and customary rules and regulations regarding the use of the Project that do not unreasonably interfere with Tenant's use of the Premises, as reasonably deemed necessary by Landlord with respect to the orderly operation of the Project, and Tenant shall comply with such reasonable rules and regulations. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them or use or allow the Premises to be used for any improper,

unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with, and Tenant's rights and obligations under the Lease and Tenant's use of the Premises shall be subject and subordinate to, all recorded easements, covenants, conditions, and restrictions now or hereafter affecting the Project, so long as the same do not unreasonably interfere with Tenant's use of the Premises or parking rights or materially increase Tenant's obligations or decrease Tenant's rights under this Lease.

5.3 **Hazardous Materials**.

5.3.1 **Tenant's Obligations**.

5.3.1.1 **Prohibitions**. As a material inducement to Landlord to enter into this Lease with Tenant, Tenant has fully and accurately completed Landlord's Pre-Leasing Environmental Exposure Questionnaire (the "**Environmental Questionnaire**"), which is attached as **Exhibit E**. Tenant agrees that except for those chemicals or materials, and their respective quantities, specifically listed on the Environmental Questionnaire (as the same may be updated from time to time as provided below), neither Tenant nor Tenant's employees, contractors and subcontractors of any tier, entities with a contractual relationship with Tenant (other than Landlord), or any entity acting as an agent or sub-agent of Tenant (collectively, "**Tenant's Agents**") will produce, use, store or generate any "Hazardous Materials," as that term is defined below, on, under or about the Premises, nor cause any Hazardous Material to be brought upon, placed, stored, manufactured, generated, blended, handled, recycled, used or "Released," as that term is defined below, on, in, under or about the Premises. If any information provided to Landlord by Tenant on the Environmental Questionnaire, or otherwise relating to information concerning Hazardous Materials is intentionally false, incomplete, or misleading in any material respect, the same shall be deemed a default by Tenant under this Lease. Upon Landlord's request, or in the event of any material change in Tenant's use of Hazardous Materials in the Premises, Tenant shall deliver to Landlord an updated Environmental Questionnaire at least once a year. Tenant shall notify Landlord prior to using any Hazardous Materials in the Premises not described on the initial Environmental Questionnaire, and, to the extent such use would, in Landlord's reasonable judgment, cause a material increase in the risk of liability compared to the uses previously allowed in the Premises, such additional use shall be subject to Landlord's prior consent, which may be withheld in Landlord's reasonable discretion. Tenant shall not install or permit Tenant's Agents to install any underground storage tank on the Premises. For purposes of this Lease, "**Hazardous Materials**" means all flammable explosives, petroleum and petroleum products, waste oil, radon, radioactive materials, toxic pollutants, asbestos, polychlorinated biphenyls ("**PCBs**"), medical waste, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, including without limitation any chemical, element, compound, mixture, solution, substance, object, waste or any combination thereof, which is or may be hazardous to human health, safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosiveness, toxicity, carcinogenicity, infectiousness or other harmful or potentially harmful properties or effects, or defined as, regulated as or included in, the definition of "hazardous substances," "hazardous wastes," "hazardous materials," or "toxic substances" under any Environmental Laws. For purposes of this Lease, "**Release**" or "**Released**" or "**Releases**" shall mean any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing, or other movement of Hazardous Materials into the environment. Landlord acknowledges that Tenant will be installing and using fume hoods in the Premises and that emissions of Hazardous Materials into the air in compliance with all Environmental Laws shall not be considered Releases.

5.3.1.2 **Notices to Landlord**. Tenant shall notify Landlord in writing as soon as possible but in no event later than five (5) days after (i) the occurrence of any actual, alleged or threatened Release of any Hazardous Material in, on, under, from, about or in the vicinity of the Premises (whether past or present), regardless of the source or quantity of any such Release, or (ii) Tenant becomes aware of any regulatory actions, inquiries, inspections, investigations, directives, or any cleanup, compliance, enforcement or abatement proceedings (including any threatened or contemplated investigations or proceedings) relating to or potentially affecting the Premises, or (iii) Tenant becomes aware of any claims by any person or entity relating to any Hazardous Materials in, on, under, from, about or in the vicinity of the Premises, whether relating to damage, contribution, cost recovery, compensation, loss or injury. Collectively, the matters set forth in clauses (i), (ii) and (iii) above are hereinafter referred to as "**Hazardous Materials Claims**". Tenant shall promptly forward to Landlord copies of all orders, notices, permits, applications and other communications and reports in connection with any Hazardous Materials Claims. Additionally, Tenant shall promptly advise Landlord in writing of Tenant's discovery of any occurrence or condition on, in, under or about the Premises that could subject Tenant or Landlord to any liability, or restrictions on ownership,

occupancy, transferability or use of the Premises under any "Environmental Laws," as that term is defined below. Tenant shall not enter into any legal proceeding or other action, settlement, consent decree or other compromise with respect to any Hazardous Materials Claims without first notifying Landlord of Tenant's intention to do so and affording Landlord the opportunity to join and participate, as a party if Landlord so elects, in such proceedings and in no event shall Tenant enter into any agreements which are binding on Landlord or the Premises without Landlord's prior written consent. Landlord shall have the right to appear at and participate in, any and all legal or other administrative proceedings concerning any Hazardous Materials Claim. For purposes of this Lease, "**Environmental Laws**" means all applicable present and future laws relating to the protection of human health, safety, wildlife or the environment, including, without limitation, (i) all requirements pertaining to reporting, licensing, permitting, investigation and/or remediation of emissions, discharges, Releases, or threatened Releases of Hazardous Materials, whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Materials; and (ii) all requirements pertaining to the health and safety of employees or the public. Environmental Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC § 9601, et seq., the Hazardous Materials Transportation Authorization Act of 1994, 49 USC § 5101, et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, and Hazardous and Solid Waste Amendments of 1984, 42 USC § 6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 USC § 1251, et seq., the Clean Air Act of 1966, 42 USC § 7401, et seq., the Toxic Substances Control Act of 1976, 15 USC § 2601, et seq., the Safe Drinking Water Act of 1974, 42 USC §§ 300f through 300j, the Occupational Safety and Health Act of 1970, as amended, 29 USC § 651 et seq., the Oil Pollution Act of 1990, 33 USC § 2701 et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 USC § 11001 et seq., the National Environmental Policy Act of 1969, 42 USC § 4321 et seq., the Federal Insecticide, Fungicide and Rodenticide Act of 1947, 7 USC § 136 et seq., California Carpenter-Presley-Tanner Hazardous Substance Account Act, California Health & Safety Code §§ 25300 et seq., Hazardous Materials Release Response Plans and Inventory Act, California Health & Safety Code, §§ 25500 et seq., Underground Storage of Hazardous Substances provisions, California Health & Safety Code, §§ 25280 et seq., California Hazardous Waste Control Law, California Health & Safety Code, §§ 25100 et seq., and any other state or local law counterparts, as amended, as such applicable laws, are in effect as of the Lease Commencement Date, or thereafter adopted, published, or promulgated.

5.3.1.3 **Releases of Hazardous Materials**. If any Release of any Hazardous Material in, on, under, from or about the Premises shall occur at any time during the Lease by Tenant or Tenant's Agents, in addition to notifying Landlord as specified above, Tenant, at its own sole cost and expense, shall (i) immediately comply with any and all reporting requirements imposed pursuant to any and all Environmental Laws, (ii) provide a written certification to Landlord indicating that Tenant has complied with all applicable reporting requirements, (iii) take any and all necessary investigation, corrective and remedial action in accordance with any and all applicable Environmental Laws, utilizing an environmental consultant approved by Landlord, all in accordance with the provisions and requirements of this **Section 5.3**, including, without limitation, **Section 5.3.4**, and (iv) take any such additional investigative, remedial and corrective actions as Landlord shall in its reasonable discretion deem necessary such that the Premises are remediated to the condition existing prior to such Release.

5.3.1.4 **Indemnification**.

5.3.1.4.1 **In General**. Without limiting in any way Tenant's obligations under any other provision of this Lease, Tenant shall be solely responsible for and shall protect, defend, indemnify and hold the Landlord Parties harmless from and against any and all claims, judgments, losses, damages, costs, expenses, penalties, enforcement actions, taxes, fines, remedial actions, liabilities (including, without limitation, actual attorneys' fees, litigation, arbitration and administrative proceeding costs, expert and consultant fees and laboratory costs) including, without limitation, consequential damages and sums paid in settlement of claims, which arise during or after the Lease Term, whether foreseeable or unforeseeable, that arise during or after the Lease Term in whole or in part, foreseeable or unforeseeable, directly or indirectly arising out of or attributable to the Release of Hazardous Materials in, on, under or about the Premises by Tenant or Tenant's Agents.

5.3.1.4.2 **Limitations**. Notwithstanding anything in **Section 5.3.1.4**, above, to the contrary, Tenant's indemnity of Landlord as set forth in **Section 5.3.1.4**, above, shall not be applicable to claims based upon Hazardous Materials not Released by Tenant or Tenant's Agents.

5.3.1.4.3 **Landlord Indemnity**. Under no circumstance shall Tenant be liable for, and Landlord shall indemnify, defend, protect and hold harmless Tenant and Tenant's Agents from and against, all losses, costs, claims, liabilities and damages (including attorneys' and consultants' fees) arising out of any Hazardous Materials that exist in, on or about the Project as of the date hereof, or Hazardous Material Released by Landlord or any Landlord Parties. Landlord will provide Tenant with any Hazardous Material reports relating to the Building that Landlord has in its immediate possession. The provision of such reports shall be for informational purposes only, and Landlord does not make any representation or warranty as to the correctness or completeness of any such reports.

5.3.1.5 **Compliance with Environmental Laws**. Without limiting the generality of Tenant's obligation to comply with applicable laws as otherwise provided in this Lease, Tenant shall, at its sole cost and expense, comply with all Environmental Laws related to the use of Hazardous Materials by Tenant and Tenant's Agents. Tenant shall obtain and maintain any and all necessary permits, licenses, certifications and approvals appropriate or required for the use, handling, storage, and disposal of any Hazardous Materials used, stored, generated, transported, handled, blended, or recycled by Tenant on the Premises. Landlord shall have a continuing right, without obligation, to require Tenant to obtain, and to review and inspect any and all such permits, licenses, certifications and approvals, together with copies of any and all Hazardous Materials management plans and programs, any and all Hazardous Materials risk management and pollution prevention programs, and any and all Hazardous Materials emergency response and employee training programs respecting Tenant's use of Hazardous Materials. Upon request of Landlord, Tenant shall deliver to Landlord a narrative description explaining the nature and scope of Tenant's activities involving Hazardous Materials and showing to Landlord's satisfaction compliance with all Environmental Laws and the terms of this Lease.

5.3.2 **Assurance of Performance**.

5.3.2.1 **Environmental Assessments In General**. Landlord may, but shall not be required to, engage from time to time such contractors as Landlord determines to be appropriate (and which are reasonably acceptable to Tenant) to perform environmental assessments of a scope reasonably determined by Landlord (an "**Environmental Assessment**") to ensure Tenant's compliance with the requirements of this Lease with respect to Hazardous Materials.

5.3.2.2 **Costs of Environmental Assessments**. All costs and expenses incurred by Landlord in connection with any such Environmental Assessment initially shall be paid by Landlord; provided that if any such Environmental Assessment shows that Tenant has failed to comply with the provisions of this **Section 5.3**, then all of the costs and expenses of such Environmental Assessment shall be reimbursed by Tenant as Additional Rent within thirty (30) days after receipt of written demand therefor.

5.3.3 **Tenant's Obligations upon Surrender**. At the expiration or earlier termination of the Lease Term, Tenant, at Tenant's sole cost and expense, shall: (i) cause an Environmental Assessment of the Premises to be conducted in accordance with **Section 15.3**; (ii) cause all Hazardous Materials brought onto the Premises by Tenant or Tenant's Agents to be removed from the Premises and disposed of in accordance with all Environmental Laws and as necessary to allow the Premises to be used for the purposes allowed as of the date of this Lease; and (iii) cause to be removed all containers installed or used by Tenant or Tenant's Agents to store any Hazardous Materials on the Premises, and cause to be repaired any damage to the Premises caused by such removal.

5.3.4 **Clean-up**.

5.3.4.1 **Environmental Reports; Clean-Up**. If any written report, including any report containing results of any Environmental Assessment (an "**Environmental Report**") shall indicate (i) the presence of any Hazardous Materials as to which Tenant has a removal or remediation obligation under this **Section 5.3**, and (ii) that as a result of same, the investigation, characterization, monitoring, assessment, repair, closure, remediation, removal, or other clean-up (the "**Clean-up**") of any Hazardous Materials is required, Tenant shall immediately prepare and submit to Landlord within thirty (30) days after receipt of the Environmental Report a comprehensive plan, subject to Landlord's written approval, specifying the actions to be taken by Tenant to perform the Clean-up so that the Premises are restored to the conditions required by this Lease. Upon Landlord's approval of the Clean-up plan, Tenant shall, at Tenant's sole cost and expense, without limitation on any rights and remedies of

Landlord under this Lease, immediately implement such plan with a consultant reasonably acceptable to Landlord and proceed to Clean-Up Hazardous Materials in accordance with all applicable laws. If, within thirty (30) days after receiving a copy of such Environmental Report, Tenant fails either (a) to complete such Clean-up, or (b) with respect to any Clean-up that cannot be completed within such thirty-day period, fails to proceed with diligence to prepare the Clean-up plan and complete the Clean-up as promptly as practicable, then Landlord shall have the right, but not the obligation, and without waiving any other rights under this Lease, to carry out any Clean-up recommended by the Environmental Report or required by any governmental authority having jurisdiction over the Premises, and recover all of the costs and expenses thereof from Tenant as Additional Rent, payable within ten (10) days after receipt of written demand therefor.

5.3.4.2 **No Rent Abatement**. Tenant shall continue to pay all Rent due or accruing under this Lease during any Clean-up, and shall not be entitled to any reduction, offset or deferral of any Base Rent or Additional Rent due or accruing under this Lease during any such Clean-up.

5.3.4.3 **Surrender of Premises**. Tenant shall complete any Clean-up prior to surrender of the Premises upon the expiration or earlier termination of this Lease. Tenant shall obtain and deliver to Landlord a letter or other written determination from the overseeing governmental authority confirming that the Clean-up has been completed in accordance with all requirements of such governmental authority and that no further response action of any kind is required for the unrestricted use of the Premises ("**Closure Letter**"). Upon the expiration or earlier termination of this Lease, Tenant shall also be obligated to close all permits obtained in connection with Hazardous Materials used by Tenant or Tenant's Agents in accordance with applicable laws.

5.3.4.4 **Failure to Timely Clean-Up**. Should any Clean-up for which Tenant is responsible not be completed, or should Tenant not receive the Closure Letter and any governmental approvals required under Environmental Laws in conjunction with such Clean-up prior to the expiration or earlier termination of this Lease, then, commencing on the later of the termination of this Lease and three (3) business days after Landlord's delivery of notice of such failure and that it elects to treat such failure as a holdover, Tenant shall be liable to Landlord as a holdover tenant (as more particularly provided in **Article 16**) until Tenant has fully complied with its obligations under this **Section 5.3**.

5.3.5 **Confidentiality**. Unless compelled to do so by applicable law, Tenant agrees that Tenant shall not disclose, discuss, disseminate or copy any information, data, findings, communications, conclusions and reports regarding the environmental condition of the Premises to any Person (other than Tenant's consultants, attorneys, property managers, employees, shareholders and potential and actual investors, lenders, business and merger partners, subtenants and assignees that have a need to know such information), including any governmental authority, without the prior written consent of Landlord. In the event Tenant reasonably believes that disclosure is compelled by applicable law, it shall provide Landlord ten (10) days' advance notice of disclosure of confidential information so that Landlord may attempt to obtain a protective order. Tenant may additionally release such information to bona fide prospective purchasers or lenders, subject to any such parties' written agreement to be bound by the terms of this **Section 5.3**.

5.3.6 **Copies of Environmental Reports**. Within thirty (30) days of receipt thereof, Tenant shall provide Landlord with a copy of any and all environmental assessments, audits, studies and reports regarding Tenant's activities with respect to the Premises, or ground water beneath the Land, or the environmental condition or Clean-up thereof. Tenant shall be obligated to provide Landlord with a copy of such materials without regard to whether such materials are generated by Tenant or prepared for Tenant, or how Tenant comes into possession of such materials.

5.3.7 **Signs, Response Plans, Etc**. Tenant shall be responsible for posting on the Premises any signs required under applicable Environmental Laws with respect to the use of Hazardous Materials by Tenant or Tenant's Agents. Tenant shall also complete and file any business response plans or inventories required by any applicable laws. Tenant shall concurrently file a copy of any such business response plan or inventory with Landlord.

5.3.8 **Survival**. Each covenant, agreement, representation, warranty and indemnification made by Tenant set forth in this **Section 5.3** shall survive the expiration or earlier termination of this Lease and shall remain effective until all of Tenant's obligations under this **Section 5.3** have been completely performed and satisfied.

6. SERVICES AND UTILITIES.

6.1 **In General**. Landlord will be responsible, at Tenant's sole cost and expense (subject to the terms of Section 4.2.4, above), for the furnishing of heating, ventilation and air-conditioning, electricity, water, and interior Building security services to the Premises. Landlord shall not provide janitorial or telephone services for the Premises. Tenant shall be solely responsible for performing all janitorial services and other cleaning of the Premises, all in compliance with applicable laws. The janitorial and cleaning of the Premises shall be adequate to maintain the Premises in a manner consistent with First Class Life Sciences Projects.

Tenant shall cooperate fully with Landlord at all times and abide by all reasonable regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems. Provided that Landlord agrees to provide and maintain and keep in continuous service utility connections to the Project, including electricity, water and sewage connections, Landlord shall have no obligation to provide any services or utilities to the Building, including, but not limited to heating, ventilation and air-conditioning, electricity, water, telephone, janitorial and interior Building security services, except as set forth in this Section 6.1, above.

6.2 **Tenant Payment of Utilities Costs**. After the Lease Commencement Date to the extent that any utilities (including without limitation, electricity, gas, sewer and water) to the Building are separately metered or sub-metered to the Premises, such utilities shall either be contracted for and paid directly by Tenant to the applicable utility provider, or reimbursed by Tenant to Landlord within thirty (30) days after billing. After the Lease Commencement Date, to the extent that any utilities (including without limitation, electricity, gas, sewer and water) to the Building are not separately metered to the Premises, then Tenant shall pay to Landlord, within thirty (30) days after billing, an equitable portion of the Building utility costs, based on Tenant's proportionate use thereof.

6.3 **Interruption of Use**. Tenant agrees that Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service or utility (including, without limitation, telephone and telecommunication services, UPS services, or other laboratory services or utilities), or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Notwithstanding the foregoing, Landlord may be liable for damages to the extent caused by the negligence or willful misconduct of Landlord or the Landlord Parties, provided that Landlord shall not be liable under any circumstances for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6.

6.4 **Energy Performance Disclosure Information**. Tenant hereby acknowledges that Landlord may be required to disclose certain information concerning the energy performance of the Building pursuant to California Public Resources Code Section 25402.10 and the regulations adopted pursuant thereto (collectively the "**Energy Disclosure Requirements**"). Tenant hereby acknowledges prior receipt of the Data Verification Checklist, as defined in the Energy Disclosure Requirements (the "**Energy Disclosure Information**"), and agrees that Landlord has timely complied in full with Landlord's obligations under the Energy Disclosure Requirements. Tenant acknowledges and agrees that (i) Landlord makes no representation or warranty regarding the energy performance of the Building or the accuracy or completeness of the Energy Disclosure Information, (ii) the Energy Disclosure Information is for the current occupancy and use of the Building and that the energy performance of the Building may vary depending on future occupancy and/or use of the Building, and (iii) Landlord shall have no liability to Tenant for any errors or omissions in the Energy Disclosure Information. If and to the extent not prohibited by applicable laws, Tenant hereby waives any right Tenant may have to receive the Energy Disclosure Information, including, without limitation, any right Tenant may have to terminate this Lease as a result of Landlord's failure to disclose such information. Further, Tenant hereby releases Landlord from any and all losses, costs, damages, expenses and/or liabilities relating to, arising out of and/or resulting from the Energy Disclosure Requirements, including, without limitation, any liabilities arising as a result of Landlord's failure to disclose the Energy Disclosure Information to Tenant prior to the execution of this

Lease. Tenant's acknowledgment of the AS-IS condition of the Premises pursuant to the terms of this Lease shall be deemed to include the energy performance of the Building. Tenant further acknowledges that pursuant to the Energy Disclosure Requirements, Landlord may be required in the future to disclose information concerning Tenant's energy usage to certain third parties, including, without limitation, prospective purchasers, lenders and tenants of the Building (the "**Tenant Energy Use Disclosure**"). Tenant hereby (A) consents to all such Tenant Energy Use Disclosures, and (B) acknowledges that Landlord shall not be required to notify Tenant of any Tenant Energy Use Disclosure. Further, Tenant hereby releases Landlord from any and all losses, costs, damages, expenses and liabilities relating to, arising out of and/or resulting from any Tenant Energy Use Disclosure. The terms of this Section 6.3 shall survive the expiration or earlier termination of this Lease.

6.5 **Generator**. Commencing on the Lease Commencement Date, Tenant shall have the right to connect to the Building back-up generator, which Landlord shall install as part of Landlord's Work (the "Generator"), for Tenant's Share of the Generator's capacity to provide back-up generator services to the Premises. During the Lease Term, Landlord shall maintain the Generator in good condition and repair, and Tenant shall be responsible for a share of the costs of such maintenance and repair based on the proportion of the Generator capacity allocated to the Premises. Notwithstanding the foregoing, Landlord shall not be liable for any damages whatsoever resulting from any failure in operation of the Generator, or the failure of the Generator to provide suitable or adequate back-up power to the Premises, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring, or loss to inventory, scientific research, scientific experiments, laboratory animals, products, specimens, samples, and/or scientific, business, accounting and other records of every kind and description kept at the Premises and any and all income derived or derivable therefrom.

6.6 **Chemical Storage Room**. Tenant shall have the right to utilize storage space in the chemical storage room to be constructed by Landlord in the Building pursuant to **Schedule 1 to Exhibit B** (the "**Chemical Storage Room**"), for up to Tenant's Share of the Chemical Storage Room's storage capacity, provided that Tenant shall be responsible for providing any equipment or modifications (e.g., (self-contained bunkers, dedicated exhaust, additional fire rating, etc.) to support Tenant's specific usage and Landlord shall demise by chain link fence Tenant's Share of the usable space of the Chemical Storage Room. During the Lease Term, Landlord shall maintain the Chemical Storage Room in good condition and repair, and Tenant shall be responsible for a share of the costs of such maintenance and repair based on the proportion of the capacity of the Chemical Storage Room allocated to Tenant's use (subject to the provisions of Section 4.2.4 above). Notwithstanding the foregoing, Landlord shall not be liable for any damages whatsoever resulting from any failure in operation of the Chemical Storage Room, or the failure of the Chemical Storage Room to provide suitable or adequate storage of Tenant's chemicals, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring, or loss to inventory, scientific research, scientific experiments, laboratory animals, products, specimens, samples, and/or scientific, business, accounting and other records of every kind and description kept at the Chemical Storage Room or the Premises and any and all income derived or derivable therefrom.

7. REPAIRS.

7.1 **Tenant Repair Obligations**. Tenant shall, throughout the Term, at its sole cost and expense, maintain, repair or replace as required, the Premises in a good standard of maintenance, repair and replacement as required, and in good and sanitary condition, all in accordance with the standards of First Class Life Sciences Projects, except for the Landlord Repair Obligations, whether or not such maintenance, repair, replacement or improvement is required in order to comply with applicable Laws ("**Tenant's Repair Obligations**"), including without limitation, all electrical facilities and equipment, including lighting fixtures, lamps, fans and any exhaust equipment and systems, electrical motors and all other appliances and equipment of every kind and nature located in the Premises; all communications systems serving the Premises; all of Tenant's security systems in or about or serving the Premises; Tenant's signage; interior demising walls and partitions (including painting and wall coverings), equipment, floors. Tenant shall additionally be responsible, at Tenant's sole cost and expense, to furnish all expendables, including light bulbs, paper goods and soaps, used in the Premises.

7.2 **Landlord Repair Obligations**. Landlord shall be responsible, as a part of Operating Expenses, for repairs to and routine maintenance of the Building including without limitation: (1) exterior windows, window frames, window casements (including the repairing, resealing, cleaning and replacing of exterior windows); (2) exterior doors, door frames and door closers; (3) the Building (as opposed to the Premises) and Project plumbing, sewer, drainage,

electrical, fire protection, life safety and security systems and equipment, existing heating, ventilation and air-conditioning systems, and all other mechanical and HVAC systems and equipment (collectively, the "**Building Systems**"), (4) the exterior glass, exterior walls, foundation and roof of the Building, the structural portions of the floors of the Building, including, without limitation, any painting, sealing, patching and waterproofing of exterior walls, and (5) repairs to the elevator in the Building and underground utilities, except to the extent that any such repairs are required due to the negligence or willful misconduct of Tenant (the "**Landlord Repair Obligations**"); provided, however, that if such repairs are due to the negligence or willful misconduct of Tenant, Landlord shall nevertheless make such repairs at Tenant's expense, or, if covered by Landlord's insurance, Tenant shall only be obligated to pay any deductible in connection therewith. Costs expended by Landlord in connection with the Landlord Repair Obligations shall be included in Operating Expenses to the extent allowed pursuant to the terms of Article 4, above. Landlord shall cooperate with Tenant to enforce any warranties that Landlord holds that could reduce Tenant's maintenance obligations under this Lease.

7.3 **Tenant's Right to Make Repairs**. Notwithstanding any provision to the contrary contained in this Lease, if Tenant provides written notice to Landlord of an event or circumstance which requires the action of Landlord under this Lease with respect to repair and/or maintenance required in the Premises, including repairs to the portions of the Building located within the Premises that are Landlord's responsibility under Section 7.4 (the "**Base Building**"), which event or circumstance with respect to the Base Building materially and adversely affects the conduct of Tenant's business from the Premises, and Landlord fails to commence corrective action within a reasonable period of time, given the circumstances, after the receipt of such notice, but in any event not later than thirty (30) days after receipt of said notice (unless Landlord's obligation cannot reasonably be performed within thirty (30) days, in which event Landlord shall be allowed additional time as is reasonably necessary to perform the obligation so long as Landlord begins performance within the initial thirty (30) days and diligently pursues performance to completion), or, in the event of an Emergency (as defined below), not later than five (5) business days after receipt of such notice, then Tenant shall have the right to undertake such actions as may be reasonably necessary to make such repairs if Landlord thereafter fails to commence corrective action within five (5) business days following Landlord's receipt of a second written notice from Tenant specifying that Tenant will undertake such actions if Landlord fails to timely do so (provided that such notice shall include the following language in bold, capitalized text: "**IF LANDLORD FAILS TO COMMENCE THE REPAIRS DESCRIBED IN THIS LETTER WITHIN FIVE (5) BUSINESS DAYS FROM LANDLORD'S RECEIPT OF THIS LETTER, TENANT WILL PERFORM SUCH REPAIRS AT LANDLORD'S EXPENSE**"; provided, however, that in no event shall Tenant undertake any actions that could materially or adversely affect the Base Building. Notwithstanding the foregoing, in the event of an Emergency, no second written notice shall be required as long as Tenant advises Landlord in the first written notice of Tenant's intent to perform such Emergency repairs if Landlord does not commence the same within such five (5) business day period, utilizing the language required in second notices. If such action was required under the terms of this Lease to be taken by Landlord and was not commenced by Landlord within such five (5) business day period and thereafter diligently pursued to completion, then Tenant shall be entitled to prompt reimbursement by Landlord of the reasonable out-of-pocket third-party costs and expenses actually incurred by Tenant in taking such action. If Tenant undertakes such corrective actions pursuant to this Section 7.3, then (a) the insurance and indemnity provisions set forth in this Lease shall apply to Tenant's performance of such corrective actions, (b) Tenant shall proceed in accordance with all applicable laws, (c) Tenant shall retain to perform such corrective actions only such reputable contractors and suppliers as are duly licensed and qualified, (d) Tenant shall effect such repairs in a good and workmanlike and commercially reasonable manner, (e) Tenant shall use new or like new materials, and (f) Tenant shall take reasonable efforts to minimize any material interference or impact on the other tenants and occupants of the Building. Promptly following completion of any work taken by Tenant pursuant to the terms of this Section 7.5, Tenant shall deliver a detailed invoice of the work completed, the materials used and the costs relating thereto, and Landlord shall reimburse Tenant the amounts expended by Tenant in connection with such work, provided that Landlord shall have the right to object if Landlord claims that such action did not have to be taken by Landlord pursuant to the terms of this Lease or that the charges are excessive (in which case Landlord shall pay the amount it contends would not have been excessive). For purposes of this Section 7.5, an "**Emergency**" shall mean an event threatening immediate and material danger to people located in the Building or immediate, material damage to the Building, Base Building, or creating a realistic possibility of an immediate and material interference with, or immediate and material interruption of a material aspect of Tenant's business operations.

8. ADDITIONS AND ALTERATIONS.

8.1 **Landlord's Consent to Alterations**. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing or HVAC facilities or systems pertaining to the Premises (collectively, the "**Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than ten (10) business days prior to the commencement thereof, and which consent shall not be unreasonably withheld by Landlord, provided it shall be deemed reasonable for Landlord to withhold its consent to any Alteration which adversely affects the structural portions or the systems or equipment of the Building or is visible from the exterior of the Building. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations following ten (10) business days' notice to Landlord (as to Alterations costing more than $10,000 only), but without Landlord's prior consent, to the extent that such Alterations (i) do not affect the building systems or equipment (other than minor changes such as adding or relocating electrical outlets and thermostats), (ii) are not visible from the exterior of the Building, and (iii) cost less than $100,000.00 for a particular job of work. The construction of the Tenant Improvements to the Premises shall be governed by the terms of the Tenant Work Letter and not the terms of this Article 8.

8.2 **Manner of Construction**. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that upon Landlord's request, Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination of the Lease Term. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all applicable federal, state, county or municipal laws, rules and regulations and pursuant to a valid building permit, issued by the city in which the Building is located (or other applicable governmental authority). Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. Upon completion of any Alterations, Tenant shall deliver to Landlord final lien waivers from all contractors, subcontractors and materialmen who performed such work. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of San Mateo in accordance with Section 3093 of the Civil Code of the State of California or any successor statute, and Tenant shall deliver to the Project construction manager a reproducible copy of the "**as built**" drawings of the Alterations as well as all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.3 **Payment for Improvements**. In connection with any Alterations that affect the Building systems (other than minor changes such as adding or relocating electrical outlets and thermostats), or which have a cost in excess of $100,000, Tenant shall reimburse Landlord for Landlord's reasonable, actual, out-of-pocket costs and expenses actually incurred in connection with Landlord's review of such work.

8.4 **Construction Insurance**. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant or Tenant's contractor carries "**Builder's All Risk**" insurance (to the extent that the cost of such work shall exceed $100,000) in an amount approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Landlord pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Tenant's contractors and subcontractors shall be required to carry Commercial General Liability Insurance in an amount approved by Landlord and otherwise in accordance with the requirements of Article 10 of this Lease. In connection with Alterations with a cost in excess of $250,000, Landlord may, in its reasonable discretion, require Tenant to obtain a lien and completion bond or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee.

8.5 **Landlord's Property**. All Alterations, improvements, fixtures, equipment and/or appurtenances which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and all Alterations and improvements, shall be and become the property of Landlord and remain in place at the Premises following the expiration or earlier termination of this Lease. Notwithstanding the foregoing, Landlord may, by written notice to Tenant given at the time it consents to an Alteration, require Tenant, at Tenant's expense, to remove any Alterations within the Premises and to repair any damage to the Premises and Building caused by such removal. If Tenant fails to complete such removal and/or to repair any damage caused by the removal of any Alterations, Landlord

may do so and may charge the cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease. Notwithstanding the foregoing, except to the extent the same are paid for by the Tenant Improvement Allowance, the items set forth in **Exhibit F** attached hereto (the "**Tenant's Property**") shall at all times be and remain Tenant's property. **Exhibit F** may be updated from time to time by agreement of the parties. Tenant may remove the Tenant's Property from the Premises at any time, provided that Tenant repairs all damage caused by such removal. Landlord shall have no lien or other interest in the Tenant's Property.

9. COVENANT AGAINST LIENS. Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials furnished or obligations incurred by or on behalf of Tenant, and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Except as to Alterations as to which no notice is required under the second sentence of Section 8.1, Tenant shall give Landlord notice at least ten (10) business days prior to the commencement of any such work on the Premises (or such additional time as may be necessary under applicable laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility (to the extent applicable pursuant to then applicable laws). Tenant shall remove any such lien or encumbrance by bond or otherwise within ten (10) business days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof.

10. INSURANCE.

10.1 **Indemnification and Waiver**. Except as provided in Section 10.5 or to the extent due to the negligence, willful misconduct or violation of this Lease by Landlord or the Landlord Parties, Tenant hereby assumes all risk of damage to property in, upon or about the Premises from any cause whatsoever (including, but not limited to, any personal injuries resulting from a slip and fall in, upon or about the Premises) and agrees that Landlord, its partners, subpartners and their respective officers, agents, servants, employees, and independent contractors (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from any cause in, on or about the Premises (including, but not limited to, a slip and fall), any acts, omissions or negligence of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or licensees of Tenant or any such person, in, on or about the Project or any breach of the terms of this Lease, either prior to, during, or after the expiration of the Lease Term, provided that the terms of the foregoing indemnity and release shall not apply to the negligence or willful misconduct of Landlord or its agents, employees, contractors, licensees or invitees, or Landlord's violation of this Lease. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its costs and expenses incurred in such suit, including without limitation, its actual professional fees such as reasonable appraisers', accountants' and attorneys' fees. Notwithstanding anything to the contrary in this Lease, Landlord shall not be released or indemnified from, and shall indemnify, defend, protect and hold harmless Tenant from, all losses, damages, liabilities, claims, attorneys' fees, costs and expenses arising from the gross negligence or willful misconduct of Landlord or its agents, contractors, licensees or invitees, or a violation of Landlord's obligations or representations under this Lease. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

10.2 **Tenant's Compliance With Landlord's Property Insurance**. Landlord shall insure the Building, Tenant Improvements and any Alterations during the Lease Term against loss or damage under an "all risk" property insurance policy. Such coverage shall be in such amounts, from such companies, and on such other terms and conditions, as Landlord may from time to time reasonably determine. Additionally, at the option of Landlord, such insurance coverage may include the risks of earthquakes and/or flood damage and additional hazards, a rental loss endorsement and one or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust

encumbering the interest of Landlord in the Building or the ground or underlying lessors of the Building, or any portion thereof. The costs of such insurance shall be included in Operating Expenses, subject to the terms of Section 4.2.4. Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body. Notwithstanding anything to the contrary in this Lease, Tenant shall not be required to comply with or cause the Premises to comply with any laws, rules, regulations or insurance requirements requiring the construction of alterations unless such compliance is necessitated solely due to Tenant's particular use of the Premises.

10.3 **Tenant's Insurance**. Tenant shall maintain the following coverages in the following amounts during the Lease Term (except Tenant shall carry the insurance described in Section 10.3.1 during any period in which it enters the Premises).

10.3.1 Commercial General Liability Insurance on an occurrence form covering the insured against claims of bodily injury and property damage (including loss of use thereof) arising out of Tenant's operations, and contractual liabilities including a contractual coverage for limits of liability (which limits may be met together with umbrella liability insurance) of not less than:

Bodily Injury and Property Damage Liability	$4,000,000 each occurrence $4,000,000 annual aggregate
Personal Injury Liability	$4,000,000 annual aggregate

10.3.2 Property Insurance covering all office furniture, business and trade fixtures, office and lab equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant. Such insurance shall be written on a special form causes of loss form, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage (excluding flood), including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of ninety (90) days.

10.3.3 Business Income Interruption for ninety (90) days plus Extra Expense insurance in such amounts as will reimburse Tenant for actual direct or indirect loss of earnings attributable to the risks outlined in Section 10.3.2 above.

10.3.4 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable state and local statutes and regulations. The policy shall include a waiver of subrogation in favor of Landlord, its employees, Lenders and any property manager or partners.

10.4 **Form of Policies**. The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall (i) name Landlord, its subsidiaries and affiliates, its property manager (if any) and any other party the Landlord so specifies, as an additional insured on the liability insurance, including Landlord's managing agent, if any; (ii) be issued by an insurance company having a rating of not less than A-:VII in Best's Insurance Guide or which is otherwise acceptable to Landlord and authorized to do business in the State of California; and (iv) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance required of Tenant. Tenant shall not cause said insurance to be canceled unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord (unless such cancellation is the result of non-payment of premiums, in which case note less than five (5) days' notice shall be provided). Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the Lease Commencement Date and at least ten (10) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate, Landlord may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor.

10.5 **Subrogation**. Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property or business interruption loss to the extent that such coverage is agreed to be provided hereunder, notwithstanding the negligence of either party. Notwithstanding anything to the contrary in this Lease, the parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers. The parties agree that their respective insurance policies do now, or shall, contain the waiver of subrogation.

10.6 **Additional Insurance Obligations**. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of the insurance required to be carried by Tenant pursuant to this Article 10 and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Tenant's operations therein, as may be reasonably requested by Landlord or Landlord's lender, but in no event in excess of the amounts and types of insurance then being required by landlords of buildings comparable to and in the vicinity of the Building.

10.7 **Construction Period**. The term "Construction Period" shall mean the period from the date of this Lease to the date that Landlord completes construction of the Landlord's Work (including any "Additional Base Building Items", as defined in Section 3(f) of the Tenant Work Letter), and Common Areas, regardless of the occurrence of any Tenant Delay and without regard to the effect of any provision of this Lease pursuant to which the Premises are deemed to be Ready for Occupancy in advance of its actual occurrence. Notwithstanding any provision of this Lease to the contrary (including Exhibit B), during the Construction Period only, the following provisions shall be applicable:

10.7.1 with respect to any indemnity obligation of Tenant arising at any time during the Construction Period only, (A) the term "**Landlord Parties**" shall mean and shall be limited to HCP Oyster Point III LLC, a Delaware limited liability company (or any entity that that succeeds to HCP Oyster Point III LLC's interest as Landlord under the Lease) and shall not include any other person or entity; provided, however, that Landlord may include in any claim owed by Tenant to it any amount which Landlord shall pay or be obligated to indemnify any other person or entity, and (B) any indemnity obligation shall be limited to losses caused by, or arising as a result of any act or failure to act of, Tenant or Tenant's employees, agents or contractors; and

10.7.2 during the Construction Period only, Tenant's liability under this Lease for Tenant's actions or failures to act under the Lease during the Construction Period, including, without limitation, (A) Tenant's indemnity obligations, plus (B) Base Rent and Additional Rent (as a consequence of Tenant Delay), plus (C) any and all other costs payable to Landlord or otherwise payable by Tenant under this Lease, which amount shall calculated to include (i) the accreted value of any payments previously made by Tenant plus (ii) the present value of the maximum amount that Tenant could be required to pay as of that point in time (whether or not construction is completed) discounted at Tenant's incremental borrowing rate used to classify the Lease under ASC 840 (FAS 13), shall be limited to 89.9% of Landlord's Project Costs determined as of the date of Landlord's claim for such amount owed by Tenant. As used herein, "**Landlord's Project Costs**" shall mean the amount capitalized in the Project by Landlord in accordance with GAAP, plus other costs related to the Project (including related site improvements and other Project costs) paid by Landlord to third parties other than lenders or owners of Landlord (excluding land acquisition costs and "Force Majeure Costs," as that term is defined below, but including land carrying costs, such as interest or ground rent incurred during the Construction Period, and including all other costs incurred by Landlord in connection with the development and construction of the Project);

10.7.3 "**Force Majeure Costs**" means the sum of (a) all costs and expenses that are incurred because the Building is damaged by a fire or other casualty event (including capitalized interest on such costs and expenses), less the amount of all insurance proceeds applied to restore the Building, and (b) any loss in fair market value of the Premises to the extent the same are not restored following a fire or other casualty event; and

10.7.4 the provisions of Section 21.1(H) of the Lease shall not apply during the Construction Period.

10.8 For the avoidance of doubt, Landlord and Tenant agree that:

10.8.1 no claim by Landlord for Tenant's repudiation of this Lease at any time shall be limited under this section; and

10.8.2 for any claim other than under Section 10.8.1 above, if during the Construction Period Landlord makes any claim for any anticipatory breach by Tenant of any obligation under this Lease owed to Landlord for any period after the Construction Period and the amount payable by Tenant for such claim is limited by the provisions of Section 10.7.2 above, the entire amount (to the extent not theretofore paid) shall be payable promptly after the Construction Period; and

10.8.3 following the end of the Construction Period, the terms of Section 10.7 shall be of no further force or effect.

11. DAMAGE AND DESTRUCTION.

11.1 **Repair of Damage to Premises by Landlord**. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore the Premises and such Common Areas. Such restoration shall be to substantially the same condition of the Premises and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other laws or any other modifications to the Common Areas deemed desirable by Landlord, which are consistent with the character of the Project, provided that access to the Premises shall not be materially impaired. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, and the damaged portions of the Premises are not occupied by Tenant as a result thereof, then during the time and to the extent the Premises are unfit for occupancy, the Rent shall be abated in proportion to the ratio that the amount of rentable square feet of the Premises which is unfit for occupancy for the purposes permitted under this Lease bears to the total rentable square feet of the Premises.

11.2 **Landlord's Option to Repair**. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building shall be damaged by fire or other casualty or cause, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within one (1) year after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the damage is due to a risk that Landlord is not required to insure under this Lease, and the cost of restoration exceed five percent (5%) of the replacement cost of the Building (unless Tenant agrees to pay any uninsured amount in excess of such five percent (5%)); or (iii) the damage occurs during the last twelve (12) months of the Lease Term and will take more than sixty (60) days to restore; provided, however, that if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and the repairs cannot, in the reasonable opinion of Landlord, be completed within eight (8) months days after the date of discovery of the damage (or are not in fact completed within nine (9) months after the date of discovery of the damage), Tenant may elect, no earlier than sixty (60) days after the date of the damage and not later than ninety (90) days after the date of such damage, or within thirty (30) days after such repairs are not timely completed, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant.

11.3 **Waiver of Statutory Provisions**. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

12. NONWAIVER. No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

13. CONDEMNATION. If the whole or any part of the Premises shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if any adjacent property or street shall be so taken or condemned, or reconfigured or vacated by such authority in such manner as to require the use or reconstruction of any part of the Premises, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, for moving expenses, for the unamortized value of any improvements paid for by Tenant and for the Lease "bonus value", so long as such claims are payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, then this Lease shall not terminate but the Base Rent and the Additional Rent shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking.

14. ASSIGNMENT AND SUBLETTING.

14.1 **Transfers**. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor,

including calculation of the "**Transfer Premium**", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, and (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, and any other information reasonably required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's reasonable review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord (not to exceed $3,500 in the aggregate for any particular Transfer), within thirty (30) days after written request by Landlord.

14.2 **Landlord's Consent**. Landlord shall not unreasonably withhold or delay its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee is either a governmental agency or instrumentality thereof;

14.2.3 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested; or

14.2.4 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 14.2 or otherwise has breached or acted unreasonably under this Article 14, their sole remedies shall be a suit for contract damages (other than damages for injury to, or interference with, Tenant's business including, without limitation, loss of profits, however occurring) or declaratory judgment and an injunction for the relief sought, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee.

14.3 **Transfer Premium**. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "**Transfer Premium**," as that term is defined in this Section 14.3, received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease (including any Additional Tenant Improvement Allowance Payment) during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, and after deduction of (i) any costs of improvements made to the Subject Space in connection with such Transfer (which may include the unamortized cost of the Tenant Improvements to the extent paid for by Tenant directly rather than through the Additional TI Allowance), (ii) brokerage commissions paid in connection with such Transfer, and (iii) reasonable legal fees incurred in connection with such Transfer. "**Transfer Premium**" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by Transferee to Tenant in

connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. The determination of the amount of Landlord's applicable share of the Transfer Premium shall be made on a monthly basis as rent or other consideration is received by Tenant under the Transfer.

14.4 **Landlord's Option as to Subject Space**. Notwithstanding anything to the contrary contained in this Article 14, in the event Tenant contemplates a Transfer other than to a Permitted Transferee which, together with all prior Transfers then remaining in effect, would cause fifty percent (50%) or more of the Premises to be Transferred for more than fifty percent (50%) of the then remaining Lease Term (taking into account any extension of the Lease Term which has irrevocably exercised by Tenant), Tenant shall give Landlord notice (the "**Intention to Transfer Notice**") of such contemplated Transfer (whether or not the contemplated Transferee or the terms of such contemplated Transfer have been determined). The Intention to Transfer Notice shall specify the portion of and amount of rentable square feet of the Premises which Tenant intends to Transfer in the subject Transfer (the "**Contemplated Transfer Space**"), the contemplated date of commencement of the Contemplated Transfer (the "**Contemplated Effective Date**"), and the contemplated length of the term of such contemplated Transfer. Thereafter, Landlord shall have the option, by giving written notice to Tenant within thirty (30) days after receipt of any Intention to Transfer Notice, to recapture the Contemplated Transfer Space. Such recapture shall cancel and terminate this Lease with respect to such Contemplated Transfer Space as of the Contemplated Effective Date. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner, to recapture such Contemplated Transfer Space under this Section 14.4, then, subject to the other terms of this Article 14, for a period of nine (9) months (the "**Nine Month Period**") commencing on the last day of such thirty (30) day period, Landlord shall not have any right to recapture the Contemplated Transfer Space with respect to any Transfer made during the Nine Month Period, provided that any such Transfer is substantially on the terms set forth in the Intention to Transfer Notice, and provided further that any such Transfer shall be subject to the remaining terms of this Article 14. If such a Transfer is not so consummated within the Nine Month Period (or if a Transfer is so consummated, then upon the expiration of the term of any Transfer of such Contemplated Transfer Space consummated within such Nine Month Period), Tenant shall again be required to submit a new Intention to Transfer Notice to Landlord with respect any contemplated Transfer, as provided above in this Section 14.4. Tenant shall not be required to provide a separate Intention to Transfer Notice and Tenant's request for Landlord's consent to a Transfer shall satisfy Tenant's obligations in this Section 14.4.

14.5 **Effect of Transfer**. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than two percent (2%), Tenant shall pay Landlord's costs of such audit.

14.6 **Additional Transfers**. For purposes of this Lease, the term "**Transfer**" shall also include if Tenant is a partnership, the withdrawal or change, voluntary, involuntary or by operation of law, of fifty percent (50%) or more of the partners, or transfer of fifty percent (50%) or more of partnership interests, within a twelve (12)-month period, or the dissolution of the partnership without immediate reconstitution thereof.

14.7 **Occurrence of Default**. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to: (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

14.8 **Non-Transfers**. Notwithstanding anything to the contrary contained in this Article 14, (i) an assignment or subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant), (ii) an assignment of the Premises to an entity which acquires all or substantially all of the assets or interests (partnership, stock or other) of Tenant, (iii) an assignment of the Premises to an entity which is the resulting entity of a merger or consolidation of Tenant with another entity, or (iv) a sale of corporate shares of capital stock in Tenant in connection with an initial public offering of Tenant's stock on a nationally-recognized stock exchange (collectively, a "**Permitted Transferee**"), shall not be deemed a Transfer under this Article 14, provided that (A) Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with any documents or information requested by Landlord regarding such assignment or sublease or such affiliate, (B) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, (C) such Permitted Transferee shall be of a character and reputation consistent with the quality of the Building, and (D) such Permitted Transferee described in subpart (ii) or (iii) above shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles ("**Net Worth**") at least equal to the Net Worth of Tenant on the day immediately preceding the effective date of such assignment or sublease. An assignee of Tenant's entire interest that is also a Permitted Transferee may also be known as a "**Permitted Assignee**". "**Control**," as used in this Section 14.8, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity. No such permitted assignment or subletting shall serve to release Tenant from any of its obligations under this Lease.

15. SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES.

15.1 **Surrender of Premises**. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant**. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear, damage caused by casualty, repairs required as a result of condemnation, and repairs which are specifically made the responsibility of Landlord hereunder excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, movable partitions (but not demountable walls) and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant, as Landlord may, in its sole discretion, require to be removed, and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal.

15.3 **Environmental Assessment**. In connection with its surrender of the Premises, Tenant shall submit to Landlord, at least fifteen (15) days prior to the expiration date of this Lease (or in the event of an earlier termination of this Lease, as soon as reasonably possible following such termination), an environmental Assessment of the Premises by a competent and experienced environmental engineer or engineering firm reasonably satisfactory to Landlord (pursuant to a contract approved by Landlord and providing that Landlord can rely on the Environmental Assessment). If such Environmental Assessment reveals that remediation or Clean-up is required under any Environmental Laws that Tenant is responsible for under this Lease, Tenant shall submit a remediation plan prepared by a recognized environmental consultant and shall be responsible for all costs of remediation and Clean-up, as more particularly provided in Section 5.3, above.

15.4 **Condition of the Building and Premises Upon Surrender**. In addition to the above requirements of this Article 15, upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, surrender the Premises and Building with Tenant having complied with all of Tenant's obligations under this Lease, including those relating to improvement, repair, maintenance, compliance with law, testing and other related obligations of Tenant set forth in Article 7 of this Lease. In the event that the Building and Premises shall be surrendered in a condition which does not comply with the terms of this Section 15.4, because Tenant failed to comply with its obligations set forth in Lease, then following thirty (30) days' notice to Tenant, during which thirty (30) day period Tenant shall have the right to cure such noncompliance, Landlord shall be entitled to expend all reasonable costs in order to cause the same to comply with the required condition upon surrender and Tenant shall immediately reimburse Landlord for all such costs upon notice and, commencing on the later of the termination of this Lease and three (3) business days after Landlord's delivery of notice of such failure and that it elects to treat such failure as a holdover, Tenant shall be deemed during the period that Tenant or Landlord, as the case may be, perform obligations relating to the Surrender Improvements to be in holdover under Article 16 of this Lease.

16. HOLDING OVER. If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with the express or implied consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term. If Tenant holds over after the expiration of the Lease Term of earlier termination thereof, without the express or implied consent of Landlord, such tenancy shall be deemed to be a tenancy by sufferance only, and shall not constitute a renewal hereof or an extension for any further term. In either case, Base Rent shall be payable at a monthly rate equal to one hundred fifty percent (150%) of the Base Rent applicable during the last rental period of the Lease Term under this Lease. Such month-to-month tenancy or tenancy by sufferance, as the case may be, shall be subject to every other applicable term, covenant and agreement contained herein. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and any lost profits to Landlord resulting therefrom.

17. ESTOPPEL CERTIFICATES. Within ten (10) business days following a request in writing by Landlord, Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of Exhibit **D**, attached hereto (or such other form as may be reasonably required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. At any time during the Lease Term, in connection with a sale or financing of the Building by Landlord, Landlord may require Tenant to provide Landlord with its most recent annual financial statement and annual financial statements of the preceding two (2) years. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. Landlord shall hold such statements confidential. Failure of Tenant to timely execute, acknowledge and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception.

18. SUBORDINATION. Landlord hereby represents and warrants to Tenant that the Project is not currently subject to any ground lease, or to the lien of any mortgage or deed of trust. This Lease shall be subject and subordinate to all future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases, require in writing that this Lease be superior thereto. The subordination of this Lease to any such future ground or underlying leases of the Building or Project or to the lien of any mortgage, trust deed or other encumbrances, shall be subject to Tenant's receipt of a commercially reasonable subordination, non-disturbance, and attornment agreement in favor of Tenant. Tenant covenants and agrees in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor, and to recognize such purchaser or lienholder or ground lessor as the lessor under this Lease, provided such lienholder or purchaser or ground lessor shall agree to accept this Lease and not disturb Tenant's occupancy, so long as Tenant timely pays the rent and observes and performs the terms, covenants and conditions of this Lease to be observed and performed by Tenant. Landlord's interest herein may be assigned as security at any time to any lienholder. Tenant shall, within ten (10) days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of the Tenant hereunder in the event of any foreclosure proceeding or sale.

19. DEFAULTS; REMEDIES.

19.1 **Events of Default**. The occurrence of any of the following shall constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due unless such failure is cured within five (5) business days after notice; or

19.1.2 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 19.1.2, any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default; or

19.1.3 Abandonment or vacation of all or a substantial portion of the Premises by Tenant while Tenant is in default under the Lease; or

19.1.4 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord.

19.2 **Remedies Upon Default**. Upon the occurrence of any event of default by Tenant, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

19.2.1 Terminate this Lease, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of the unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, in each case to the extent allocable to the remaining Lease Term, brokerage commissions and advertising expenses incurred to obtain a new tenant, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Section 19.2.1(iii) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Sections 19.2.1 and 19.2.2, above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

19.3 **Subleases of Tenant**. If Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 **Efforts to Relet**. No re-entry, repairs, maintenance, changes, alterations and additions, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant.

20. COVENANT OF QUIET ENJOYMENT. Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

21. LETTER OF CREDIT.

21.1 **Delivery of Letter of Credit**. Tenant shall deliver to Landlord, within ten (10) business days after Tenant's execution of this Lease, an unconditional, clean, irrevocable letter of credit (the "**L-C**") in the amount set forth in Section 8 of the Lease Summary (the "**L-C Amount**"), which L-C shall be issued by a money-center, solvent and nationally recognized bank (a bank which accepts deposits, maintains accounts, has a local San Francisco Bay Area office which will negotiate a letter of credit, and whose deposits are insured by the FDIC) reasonably acceptable to Landlord (such approved, issuing bank being referred to herein as the "**Bank**"), which Bank must have a rating from Standard and Poors Corporation of A- or better (or any equivalent rating thereto from any successor or substitute rating service selected by Lessor) and a letter of credit issuer rating from Moody's Investor Service of A3 or better (or any equivalent rating thereto from any successor rating agency thereto)) (collectively, the "**Bank's Credit Rating Threshold**"), and which L-C shall be in the form of **Exhibit H**, attached hereto. Notwithstanding the foregoing, Landlord hereby approves Silicon Valley Bank as the Bank. Tenant shall pay all expenses, points and/or fees incurred by Tenant in obtaining the L-C. The L-C shall (i) be "callable" at sight, irrevocable and unconditional, (ii) be maintained in effect, whether through renewal or extension, for the period commencing on the date of this Lease and continuing until the date (the "**L-C Expiration Date**") that is no less than sixty (60) days after the expiration of the Lease Term as the same may be extended, and Tenant shall deliver a new L-C or certificate of renewal or extension to Landlord at least thirty (30) days prior to the expiration of the L-C then held by Landlord, without any action whatsoever on the part of Landlord, (iii) be fully assignable by Landlord, its successors and assigns, (iv) permit partial draws and multiple presentations and drawings, and (v) be otherwise subject to the Uniform Customs and Practices for Documentary Credits (1993-Rev), International Chamber of Commerce Publication #500, or the International Standby Practices-ISP 98, International Chamber of Commerce Publication #590. Landlord, or its then managing agent, shall have the right to draw down an amount up to the face amount of the L-C if any of the following shall have occurred or be applicable: (A) such amount is due to Landlord under the terms and conditions of this Lease, and has not been paid within applicable notice and cure periods (or, if Landlord is prevented by law from providing notice, within the period for payment set forth in the Lease), or (B) Tenant has filed a voluntary petition under the U. S. Bankruptcy Code or any state bankruptcy code (collectively, "**Bankruptcy Code**"), or (C) an involuntary petition has been filed against Tenant under the Bankruptcy Code that is not dismissed within thirty (30) days, or (D) the Lease has been rejected, or is deemed rejected, under Section 365 of the U.S. Bankruptcy Code, following the filing of a voluntary petition by Tenant under the Bankruptcy Code, or the filing of an involuntary petition against Tenant under the Bankruptcy Code, or (E) the Bank has notified Landlord that the L-C will not be renewed or extended through the L-C Expiration Date, and Tenant has not provided a replacement L-C that satisfies the requirements of this Lease at least thirty (30) days prior to such expiration, or (F) Tenant is placed into receivership or conservatorship, or becomes subject to similar proceedings under Federal or State law, or (G) Tenant executes an assignment for the benefit of creditors, or (H) if (1) any of the Bank's (other than Silicon Valley Bank) Fitch Ratings (or other comparable ratings to the extent the Fitch Ratings are no longer available) have been reduced below the Bank's Credit Rating Threshold, or (2) there is otherwise a material adverse change in the financial condition of the Bank, and Tenant has failed to provide Landlord with a replacement letter of credit, conforming in all respects to the requirements of this Article 21 (including, but not limited to, the requirements placed on the issuing Bank more particularly set forth in this Section 21.1 above), in the amount of the applicable L-C Amount, within ten (10) days following Landlord's written demand therefor (with no other notice or cure or grace period being applicable thereto, notwithstanding anything in this Lease to the contrary) (each of the foregoing being an "**L-C Draw Event**"). The L-C shall be honored by the Bank

regardless of whether Tenant disputes Landlord's right to draw upon the L-C. In addition, in the event the Bank is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said L-C shall be deemed to fail to meet the requirements of this Article 21, and, within ten (10) days following Landlord's notice to Tenant of such receivership or conservatorship (the "**L-C FDIC Replacement Notice**"), Tenant shall replace such L-C with a substitute letter of credit from a different issuer (which issuer shall meet or exceed the Bank's Credit Rating Threshold and shall otherwise be acceptable to Landlord in its reasonable discretion) and that complies in all respects with the requirements of this Article 21. If Tenant fails to replace such L-C with such conforming, substitute letter of credit pursuant to the terms and conditions of this Section 21.1, then, notwithstanding anything in this Lease to the contrary, Landlord shall have the right to declare Tenant in default of this Lease for which there shall be no notice or grace or cure periods being applicable thereto (other than the aforesaid ten (10) day period). Tenant shall be responsible for the payment of any and all Tenant's and Bank's costs incurred with the review of any replacement L-C, which replacement is required pursuant to this Section or is otherwise requested by Tenant. In the event of an assignment by Tenant of its interest in the Lease (and irrespective of whether Landlord's consent is required for such assignment), the acceptance of any replacement or substitute letter of credit by Landlord from the assignee shall be subject to Landlord's prior written approval, in Landlord's reasonable discretion, and the actual and reasonable attorney's fees incurred by Landlord in connection with such determination shall be payable by Tenant to Landlord within ten (10) days of billing.

21.2 **Application of L-C**. Tenant hereby acknowledges and agrees that Landlord is entering into this Lease in material reliance upon the ability of Landlord to draw upon the L-C upon the occurrence of any L-C Draw Event. In the event of any L-C Draw Event, Landlord may, but without obligation to do so, and without notice to Tenant (except in connection with an L-C Draw Event under Section 21.1(H) above), draw upon the L-C, in part or in whole, in the amount necessary to cure any such L-C Draw Event and/or to compensate Landlord for any and all damages of any kind or nature sustained or which Landlord reasonably estimates that it will sustain resulting from Tenant's breach or default of the Lease or other L-C Draw Event and/or to compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by any applicable law, it being intended that Landlord shall not first be required to proceed against the L-C, and such L-C shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. Tenant agrees and acknowledges that (i) the L-C constitutes a separate and independent contract between Landlord and the Bank, (ii) Tenant is not a third party beneficiary of such contract, (iii) Tenant has no property interest whatsoever in the L-C or the proceeds thereof, and (iv) in the event Tenant becomes a debtor under any chapter of the Bankruptcy Code, Tenant is placed into receivership or conservatorship, and/or there is an event of a receivership, conservatorship or a bankruptcy filing by, or on behalf of, Tenant, neither Tenant, any trustee, nor Tenant's bankruptcy estate shall have any right to restrict or limit Landlord's claim and/or rights to the L-C and/or the proceeds thereof by application of Section 502(b)(6) of the U. S. Bankruptcy Code or otherwise.

21.3 **Maintenance of L-C by Tenant**. If, as a result of any drawing by Landlord of all or any portion of the L-C, the amount of the L-C shall be less than the L-C Amount, Tenant shall, within five (5) days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency, and any such additional letter(s) of credit shall comply with all of the provisions of this Article 21. Tenant further covenants and warrants that it will neither assign nor encumber the L-C or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. Without limiting the generality of the foregoing, if the L-C expires earlier than the L-C Expiration Date, Landlord will accept a renewal thereof (such renewal letter of credit to be in effect and delivered to Landlord, as applicable, not later than thirty (30) days prior to the expiration of the L-C), which shall be irrevocable and automatically renewable as above provided through the L-C Expiration Date upon the same terms as the expiring L-C or such other terms as may be acceptable to Landlord in its sole discretion. If Tenant exercises its option to extend the Lease Term pursuant to Section 2.2 of this Lease then, not later than thirty (30) days prior to the commencement of the Option Term, Tenant shall deliver to Landlord a new L C or certificate of renewal or extension evidencing the L-C Expiration Date as thirty (30) days after the expiration of the Option Term. However, if the L-C is not timely renewed, or if Tenant fails to maintain the L-C in the amount and in accordance with the terms set forth in this Article 21, Landlord shall have the right to present the L-C to the Bank in accordance with the terms of this Article 21, and the proceeds of the L-C may be applied by Landlord against any Rent payable by Tenant under this Lease that is not paid when due and/or to pay for all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it will suffer as a result of any

breach or default by Tenant under this Lease. In the event Landlord elects to exercise its rights as provided above, (I) any unused proceeds shall constitute the property of Landlord (and not Tenant's property or, in the event of a receivership, conservatorship, or a bankruptcy filing by, or on behalf of, Tenant, property of such receivership, conservatorship or Tenant's bankruptcy estate) and need not be segregated from Landlord's other assets, and (II) Landlord agrees to pay to Tenant within thirty (30) days after the L-C Expiration Date the amount of any proceeds of the L-C received by Landlord and not applied against any Rent payable by Tenant under this Lease that was not paid when due or used to pay for any losses and/or damages suffered by Landlord (or reasonably estimated by Landlord that it will suffer) as a result of any breach or default by Tenant under this Lease; provided, however, that if prior to the L-C Expiration Date a voluntary petition is filed by Tenant, or an involuntary petition is filed against Tenant by any of Tenant's creditors, under the Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused L-C proceeds until either all preference issues relating to payments under this Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed. If Landlord draws on the L-C due to Tenant's failure to timely renew or provide a replacement L-C, such failure shall not be considered a default under this Lease and Landlord shall return such cash proceeds upon Tenant's presentation of a replacement L-C that satisfies the requirements of this Lease, subject to reasonable satisfaction of any preference risk to Landlord.

21.4 **Transfer and Encumbrance**. The L-C shall also provide that Landlord may, at any time and without notice to Tenant and without first obtaining Tenant's consent thereto, transfer (one or more times) all or any portion of its interest in and to the L-C to another party, person or entity, regardless of whether or not such transfer is from or as a part of the assignment by Landlord of its rights and interests in and to this Lease. In the event of a transfer of Landlord's interest in under this Lease, Landlord shall transfer the L-C, in whole or in part, to the transferee and thereupon Landlord shall, without any further agreement between the parties, be released by Tenant from all liability therefor, and it is agreed that the provisions hereof shall apply to every transfer or assignment of the whole of said LC to a new landlord. In connection with any such transfer of the L-C by Landlord, Tenant shall, at Tenant's sole cost and expense, execute and submit to the Bank such applications, documents and instruments as may be necessary to effectuate such transfer and, Tenant shall be responsible for paying the Bank's transfer and processing fees in connection therewith; provided that, Landlord shall have the right (in its sole discretion), but not the obligation, to pay such fees on behalf of Tenant, in which case Tenant shall reimburse Landlord within ten (10) days after Tenant's receipt of an invoice from Landlord therefor.

21.5 **L-C Not a Security Deposit**. Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the L-C or any renewal thereof or substitute therefor or any proceeds thereof be deemed to be or treated as a "security deposit" under any law applicable to security deposits in the commercial context, including, but not limited to, Section 1950.7 of the California Civil Code, as such Section now exists or as it may be hereafter amended or succeeded (the "**Security Deposit Laws**"), (2) acknowledge and agree that the L-C (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (3) waive any and all rights, duties and obligations that any such party may now, or in the future will, have relating to or arising from the Security Deposit Laws. Tenant hereby irrevocably waives and relinquishes the provisions of Section 1950.7 of the California Civil Code and any successor statute, and all other provisions of law, now or hereafter in effect, which (x) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (y) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Article 21 and/or those sums reasonably necessary to (a) compensate Landlord for any loss or damage caused by Tenant's breach of this Lease, including any damages Landlord suffers following termination of this Lease, and/or (b) compensate Landlord for any and all damages arising out of, or incurred in connection with, the termination of this Lease, including, without limitation, those specifically identified in Section 1951.2 of the California Civil Code. Tenant agrees not to interfere in any way with any payment to Landlord of the proceeds of the L-C, either prior to or following a "draw" by Landlord of all or any portion of the L-C, regardless of whether any dispute exists between Tenant and Landlord as to Landlord's right to draw down all or any portion of the L-C. No condition or term of this Lease shall be deemed to render the L-C conditional and thereby afford the Bank a justification for failing to honor a drawing upon such L-C in a timely manner. Tenant shall not request or instruct the Bank of any L-C to refrain from paying sight draft(s) drawn under such L-C.

21.6 **Remedy for Improper Drafts**. Tenant's sole remedy in connection with the improper presentment or payment of sight drafts drawn under any L-C shall be the right to obtain from Landlord a refund of the amount of any sight draft(s) that were improperly presented or the proceeds of which were misapplied, and reasonable actual out-of-pocket attorneys' fees, provided that at the time of such refund, Tenant increases the amount of such L-C to the amount (if any) then required under the applicable provisions of this Lease. Tenant acknowledges that the presentment of sight drafts drawn under any L-C, or the Bank's payment of sight drafts drawn under such L-C, could not under any circumstances cause Tenant injury that could not be remedied by an award of money damages, and that the recovery of money damages would be an adequate remedy therefor. In the event Tenant shall be entitled to a refund as aforesaid and Landlord shall fail to make such payment within ten (10) business days after demand, Tenant shall have the right to deduct the amount thereof from the next installment(s) of Base Rent.

22. COMMUNICATIONS AND COMPUTER LINE. Tenant may install, maintain, replace, remove or use any communications or computer wires and cables serving the Premises (collectively, the "**Lines**"), provided that Tenant shall obtain Landlord's prior written consent, use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this Lease. Tenant shall pay all costs in connection therewith. Landlord reserves the right, upon notice to Tenant prior to the expiration or earlier termination of this Lease, to require that Tenant, at Tenant's sole cost and expense, remove any Lines located in or serving the Premises prior to the expiration or earlier termination of this Lease.

23. SIGNS.

23.1 **Exterior Signage**. Subject to Landlord's prior written approval, which shall not be unreasonably withheld, conditioned or delayed, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, at its sole cost and expense, may install (i) identification signage on the monument sign outside the front entrance to the Building (which Landlord shall install at its sole cost prior to the Lease Commencement Date), (ii) internal directional and lobby identification signage, and (iii) signage in the elevator lobby on the floor containing the Premises, and (iv) Building top signage on the west facing side of the Building (collectively, "**Tenant Signage**"); provided, however, in no event shall Tenant's Signage include an "Objectionable Name," as that term is defined in Section 23.3, of this Lease. All such signage shall be subject to Tenant's obtaining all required governmental approvals. All permitted signs shall be maintained by Tenant at its expense in a first-class and safe condition and appearance. Upon the expiration or earlier termination of this Lease, Tenant shall remove all of its signs at Tenant's sole cost and expense. The graphics, materials, color, design, lettering, lighting, size, illumination, specifications and exact location of Tenant's Signage (collectively, the "**Sign Specifications**") shall be subject to the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and shall be consistent and compatible with the quality and nature of the Project. Tenant hereby acknowledges that, notwithstanding Landlord's approval of Tenant's Signage, Landlord has made no representation or warranty to Tenant with respect to the probability of obtaining all necessary governmental approvals and permits for Tenant's Signage. In the event Tenant does not receive the necessary governmental approvals and permits for Tenant's Signage, Tenant's and Landlord's rights and obligations under the remaining terms of this Lease shall be unaffected. Except as required by applicable law, Landlord shall not install any other signage on the Building. If Landlord elects to install a multi-tenant identification sign at the entrance to the Project, Tenant shall be entitled to install its name on such sign (subject to availability on a pro-rata basis based on the relative square footages leased by the tenants of the Project), at Tenant's sole cost and expense.

23.2 **Objectionable Name**. Tenant's Signage shall not include a name or logo which relates to an entity which is of a character or reputation, or is associated with a political faction or orientation, which is inconsistent with the quality of the Project, or which would otherwise reasonably offend a landlord of the Comparable Buildings (an "**Objectionable Name**"). Landlord agrees that "ALECTOR" is not an Objectionable Name.

23.3 **Prohibited Signage and Other Items**. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Any signs, window coverings, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole discretion.

24. COMPLIANCE WITH LAW. Tenant shall not do anything or suffer anything to be done in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance or other governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated. At its sole cost and expense, Tenant shall promptly comply with all such governmental measures. Should any standard or regulation now or hereafter be imposed on Landlord or Tenant by a state, federal or local governmental body charged with the establishment, regulation and enforcement of occupational, health or safety standards for employers, employees, landlords or tenants, then Tenant agrees, at its sole cost and expense, to comply promptly with such standards or regulations. Tenant shall be responsible, at its sole cost and expense, to make all alterations to the Building and Premises as are required to comply with the governmental rules, regulations, requirements or standards described in this Article 24. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Tenant's obligations under this Article 24 are subject to the limitation in Section 10.2, above.

25. LATE CHARGES. If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within five (5) business days after Tenant's receipt of written notice from Landlord that said amount is delinquent, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any reasonable attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid within ten (10) days after Tenant's receipt of written notice that said amount is delinquent shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the annual "Bank Prime Loan" rate cited in the Federal Reserve Statistical Release Publication G.13(415), published on the first Tuesday of each calendar month (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus four (4) percentage points, and (ii) the highest rate permitted by applicable law.

26. LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT.

26.1 **Landlord's Cure**. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2, above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant and without releasing Tenant from any obligations hereunder.

26.2 **Tenant's Reimbursement**. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) subject to Section 29.21, sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all reasonable legal fees and other amounts so expended. Tenant's obligations under this Section 26.2 shall survive the expiration or sooner termination of the Lease Term.

27. ENTRY BY LANDLORD. Landlord reserves the right at all reasonable times and upon reasonable notice to Tenant (except in the case of an Emergency) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers or, during the last nine (9) months of the Lease Term, to prospective tenants; (iii) post notices of nonresponsibility (to the extent applicable pursuant to then applicable law); or (iv) repair the Premises or the Building, or for structural repairs to the Building or the Building's systems and equipment as provided under

the Lease. Landlord may make any such entries without the abatement of Rent, except as otherwise provided in this Lease, and may take such reasonable steps as required to accomplish the stated purposes. In an Emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises. Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's use of or access to the Premises in connection with any such entry, and shall comply with Tenant's reasonable security measures. Landlord shall hold confidential any information regarding Tenant's business that it may learn as a result of such entry.

28. TENANT PARKING. Tenant shall have the right, without the payment of any parking charge or fee (other than as a reimbursement of operating expenses to the extent allowed pursuant to the terms or Article 4 of this Lease, above), commencing on the Lease Commencement Date, to use the amount of parking set forth in Section 9 of the Summary, in the on-site parking lot and garage which serves the Building. Tenant shall abide by all reasonable rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking passes are located (including any sticker or other identification system established by Landlord and the prohibition of vehicle repair and maintenance activities in the parking facilities), and shall cooperate in seeing that Tenant's employees and visitors also comply with such rules and regulations. Tenant's use of the Project parking facility shall be at Tenant's sole risk and Tenant acknowledges and agrees that Landlord shall have no liability whatsoever for damage to the vehicles of Tenant, its employees and/or visitors, or for other personal injury or property damage or theft relating to or connected with the parking rights granted herein or any of Tenant's, its employees' and/or visitors' use of the parking facilities.

29. MISCELLANEOUS PROVISIONS.

29.1 **Terms; Captions**. The words "**Landlord**" and "**Tenant**" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect**. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights**. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 **Modification of Lease**. Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way materially and adversely change the rights and obligations of Tenant hereunder or interfere with Tenant's use of the Premises, then and in such event, Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) business days following a request therefor. At the request of Landlord or any mortgagee or ground lessor, Tenant agrees to execute a short form of Lease and deliver the same to Landlord within ten (10) business days following the request therefor.

29.5 **Transfer of Landlord's Interest**. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder accruing after the date of transfer provided such transferee shall have fully assumed and agreed in writing to be liable for all obligations of this Lease to be performed by Landlord, including the return of any security deposit or L-C, and Tenant shall attorn to such transferee.

29.6 **Prohibition Against Recording**. Except as provided in Section 29.4 of this Lease, neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant.

29.7 **Landlord's Title**. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties**. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Payment under Protest**. If Tenant in good faith disputes any amounts billed by Landlord, other than (i) Base Rent, (ii) Tenant's Share of Direct Expenses (as to which Tenant may exercise its rights under Section 4.6, above), Tenant may make payment of such amounts under protest, and reserve all of its rights with respect to such amounts (the "**Disputed Amounts**"). Landlord and Tenant shall meet and confer to discuss the Disputed Amounts and attempt, in good faith, to resolve the particular dispute. If, despite such good faith efforts, Landlord and Tenant are unable to reach agreement regarding the Disputed Amounts, either party may submit the matter to binding arbitration under the JAMS Streamlined Arbitration Rules & Procedures. The non-prevailing party, as determined by JAMS, will be responsible to pay all fees and costs incurred in connection with the JAMS procedure, as well as all other costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party. This Section 29.9 shall not apply to claims relating to Landlord's exercise of any unlawful detainer rights pursuant to California law or rights or remedies used by Landlord to gain possession of the Premises or terminate Lessee's right of possession to the Premises.

29.10 **Time of Essence**. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity**. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty**. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not set forth herein or in one or more of the exhibits attached hereto.

29.13 **Landlord Exculpation**. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the lesser of (a) the interest of Landlord in the Project or (b) the equity interest Landlord would have in the Project if the Project were encumbered by third-party debt in an amount equal to eighty percent (80%) of the value of the Project (as such value is determined by Landlord), including any rental, condemnation, sales and insurance proceeds received by Landlord or the Landlord Parties in connection with the Project, Building or Premises. No Landlord Parties (other than Landlord) shall have any personal liability therefor, and Tenant hereby expressly waives and releases such liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of

Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for injury or damage to, or interference with, Tenant's business, including but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring, or loss to inventory, scientific research, scientific experiments, laboratory animals, products, specimens, samples, and/or scientific, business, accounting and other records of every kind and description kept at the premises and any and all income derived or derivable therefrom.

29.14 **Entire Agreement**. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **Right to Lease**. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.16 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorist acts, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure, provided, however, the foregoing delays shall not apply to Tenant's termination rights hereunder.

29.17 Intentionally Omitted.

29.18 **Notices**. All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("**Mail**"), (B) delivered by a nationally recognized overnight courier, or (C) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 10 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, or to Landlord at the addresses set forth below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) business days after the date it is posted if sent by Mail, (ii) the date the overnight courier delivery is made, or (iii) the date personal delivery is made. As of the date of this Lease, any Notices to Landlord must be sent, transmitted, or delivered, as the case may be, to the following addresses:

HCP, Inc.
1920 Main Street, Suite 1200
Irvine, CA 92614
Attention: Legal Department

with a copy to:

HCP Life Science Estates
950 Tower Lane, Suite 1650
Foster City, CA 94404
Attention: Scott Bohn

and

Allen Matkins Leck Gamble Mallory & Natsis LLP
1901 Avenue of the Stars, Suite 1800
Los Angeles, California 90067
Attention: Anton N. Natsis, Esq.

29.19 **Joint and Several**. If there is more than one tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority**. If Tenant is a corporation, trust or partnership, Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in the State of California and that Tenant has full right and authority to execute and deliver this Lease and that each person signing on behalf of Tenant is authorized to do so.

29.21 **Attorneys' Fees**. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY**. This Lease shall be construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 12 of the Summary (the "**Brokers**"), and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 29.24 shall survive the expiration or earlier termination of the Lease Term.

29.25 **Independent Covenants**. This Lease shall be construed as though the covenants herein between Landlord and Tenant are independent and not dependent and Tenant hereby expressly waives the benefit of any statute to the contrary and agrees that if Landlord fails to perform its obligations set forth herein, Tenant shall not be entitled to make any repairs or perform any acts hereunder at Landlord's expense or to any setoff of the Rent or other amounts owing hereunder against Landlord.

29.26 **Project or Building Name, Address and Signage**. Landlord shall have the right at any time to change the name and/or address of the Project or Building (and Landlord shall reimburse Tenant its actual, reasonable costs incurred as a result of such change, if any) and, subject to Section 23.1, to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.27 **Counterparts**. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease.

29.28 **Good Faith**. Except (i) for matters for which there is a standard of consent or discretion specifically set forth in this Lease; (ii) matters which could have an adverse effect on the Building Structure or the Building Systems, or which could affect the exterior appearance of the Building, or (iii) matters covered by Article 4 (Additional Rent), or Article 19 (Defaults; Remedies) of this Lease (collectively, the "**Excepted Matters**"), any time the consent of Landlord or Tenant is required, such consent shall not be unreasonably withheld or delayed, and, except with regard to the Excepted Matters, whenever this Lease grants Landlord or Tenant the right to take action, exercise discretion, establish rules and regulations or make an allocation or other determination, Landlord and Tenant shall act reasonably and in good faith.

29.29 **Development of the Project**.

29.29.1 **Subdivision**. Landlord reserves the right to subdivide all or a portion of the buildings and Common Areas, so long as the same does not interfere with Tenant's use of or access to the Premises or Tenant's parking rights. Tenant agrees to execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from a subdivision and any all maps in connection therewith, so long as the same does not increase Tenant's obligations or decrease Tenant's rights under this Lease. Notwithstanding anything to the contrary set forth in this Lease, the separate ownership of any buildings and/or Common Areas by an entity other than Landlord shall not affect the calculation of Direct Expenses or Tenant's payment of Tenant's Share of Direct Expenses.

29.29.2 **Construction of Property and Other Improvements**. Tenant acknowledges that portions of the Project may be under construction following Tenant's occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction, so long as the same does not interfere with Tenant's use of or access to the Premises or Tenant's parking rights.

29.30 **No Violation**. Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from Tenant's breach of this warranty and representation.

29.31 **Transportation Management**. Tenant shall fully comply with all present or future programs intended to manage parking, transportation or traffic in and around the Project and/or the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities. Such programs may include, without limitation: (i) restrictions on the number of peak-hour vehicle trips generated by Tenant; (ii) increased vehicle occupancy; (iii) implementation of an in-house ridesharing program and an employee transportation coordinator; (iv) working with employees and any Project, Building or area-wide ridesharing program manager; (v) instituting employer-sponsored incentives (financial or in-kind) to encourage employees to rideshare; and (vi) utilizing flexible work shifts for employees.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written.

LANDLORD:

HCP OYSTER POINT III LLC,
a Delaware limited liability company

By: /s/ Scott Bohn
Name: Scott Bohn
Its: Vice President

TENANT:

ALECTOR LLC,
a Delaware limited liability company

By: /s/ Arnon Rosenthal
Name: Arnon Rosenthal
Its: CEO

By: /s/ Sabah Oney
Name: Sabah Oney
Its: VP of BD and Ops

EXHIBIT A

OUTLINE OF PREMISES; PROJECT SITE PLAN

[Schematics]

EXHIBIT B

TENANT WORK LETTER

1. **Defined Terms**. As used in this Tenant Work Letter, the following capitalized terms have the following meanings:

(a) **Approved TI Plans**: Plans and specifications prepared by the applicable Architect for the Tenant Improvements and approved by Landlord and Tenant in accordance with Paragraph 2 of this Tenant Work Letter, subject to further modification from time to time to the extent provided in and in accordance with such Paragraph 2.

(b) **Architect**: Landlord shall engage DGA with respect to any Tenant Improvements which Landlord is to cause to be constructed pursuant to this Tenant Work Letter.

(c) **Tenant Change Request**: See definition in Paragraph 2(c)(ii) hereof.

(d) **Final TI Working Drawings**: See definition in Paragraph 2(a) hereof.

(e) **General Contractor**: The general contractor selected by Landlord and reasonably approved by Tenant with respect to Landlord's TI Work. Tenant shall have no right to direct or control such General Contractor.

(f) **Landlord's TI Work**: Any Tenant Improvements which Landlord is to construct or install pursuant to this Tenant Work Letter or by mutual agreement of Landlord and Tenant from time to time.

(g) **Project Manager**. Project Management Advisors, Inc., or any other project manager designated by Landlord in its reasonable discretion from time to time to act in a supervisory, oversight, project management or other similar capacity on behalf of Landlord in connection with the design and/or construction of the Tenant Improvements.

(h) **Punch List Work**: Minor corrections of construction or decoration details, and minor mechanical adjustments, that are required in order to cause any applicable portion of the Tenant Improvements or Landlord's Work as constructed to conform to the Approved TI Plans or this Tenant Work Letter in all material respects and that do not materially interfere with Tenant's use or occupancy of the Building and the Premises.

(i) **Substantial Completion Certificate**: See definition in Paragraph 3(a) hereof.

(j) **Tenant Delay**: Any of the following types of delay in the completion of construction of Landlord's TI Work (but in each instance, only to the extent that any of the following has actually and proximately caused substantial completion of Landlord's TI Work to be delayed):

(i) Any delay resulting from Tenant's failure to furnish, in a timely manner, information reasonably requested by Landlord or by Landlord's Project Manager in connection with the design or construction of Landlord's TI Work, or from Tenant's failure to approve in a timely manner any matters requiring approval by Tenant;

(ii) Any delay resulting from Tenant Change Requests initiated by Tenant, including any delay resulting from the need to revise any drawings or obtain further governmental approvals as a result of any such Tenant Change Request; or

(iii) Any delay caused by Tenant (or Tenant's contractors, agents or employees) materially interfering with the performance of Landlord's TI Work, provided that Landlord shall have given Tenant prompt notice of such material interference and, before the first time a Tenant Delay is deemed to have occurred as a result of such delay, such interference has continued for more than twenty-four (24) hours after Tenant's receipt of such notice.

(k) **Tenant Improvements**: The improvements to or within the Building shown on the Approved TI Plans from time to time and to be constructed by Landlord pursuant to the Lease and this Tenant Work Letter. The term "Tenant Improvements" does not include the improvements existing in the Building and Premises on the Effective Date.

(l) **Unavoidable Delays**: Delays due to acts of God, acts of public agencies, labor disputes, strikes, fires, freight embargoes, inability (despite the exercise of due diligence) to obtain supplies, materials, fuels or permits, or other causes or contingencies (excluding financial inability) beyond the reasonable control of Landlord or Tenant, as applicable. Landlord shall use commercially reasonable efforts to provide Tenant with prompt notice of any Unavoidable Delays.

(m) Capitalized terms not otherwise defined in this Tenant Work Letter shall have the definitions set forth in the Lease.

2. **Plans and Construction**. Landlord and Tenant shall comply with the procedures set forth in this Paragraph 2 in preparing, delivering and approving matters relating to the Tenant Improvements.

(a) Approved Plans and Working Drawings for Tenant Improvements. Tenant shall promptly and diligently work with the Architect to cause to be prepared and delivered to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed by Landlord) proposed schematic plans and outline specifications for the Tenant Improvements. Landlord shall reimburse the Architect directly for the cost of the initial test-fit plans and outline specifications and one revision thereof, and such costs shall not be charged to the Tenant Improvement Allowance. Following mutual approval of such proposed schematic plans and outline specifications by Landlord and by Tenant (as so approved, the "**Approved Schematic Plans**"), Tenant shall then work with the Architect to cause to be prepared, promptly and diligently (assuming timely delivery by Landlord of any information and decisions required to be furnished or made by Landlord in order to permit preparation of final working drawings, all of which information and decisions Landlord will deliver promptly and with reasonable diligence), and delivered to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed by Landlord) final detailed working drawings and specifications for the Tenant Improvements, including (without limitation) any applicable life safety, mechanical, electrical and plumbing working drawings and final architectural drawings (collectively, "**Final TI Working Drawings**"), which Final TI Working Drawings shall substantially conform to the Approved Schematic Plans. Upon receipt from Tenant of proposed schematic plans and outline specifications, proposed Final TI Working Drawings, any other plans and specifications, or any revisions or resubmittals of any of the foregoing, as applicable, Landlord shall promptly and diligently (and in all events within 10 business days after receipt in the case of an initial submittal of schematic plans and outline specifications or proposed Final TI Working Drawings, and within 5 business days after receipt in the case of any other plans and specifications or any revisions or resubmittals of any of the foregoing) either approve such proposed schematic plans and outline specifications or proposed Final TI Working Drawings, as applicable, or set forth in writing with particularity any changes necessary to bring the aspects of such proposed schematic plans and outline specifications or proposed Final TI Working Drawings into a form which will be reasonably acceptable to Landlord. Upon approval of the Final TI Working Drawings by Landlord and Tenant, the Final TI Working Drawings shall constitute the **"Approved TI Plans,"** superseding (to the extent of any inconsistencies) any inconsistent features of the previously existing Approved Schematic Plans. Tenant shall respond to any request for information or approval of plans or drawings from Landlord or Architect within five (5) business days. Tenant acknowledges that the Tenant Improvements will include the items set forth on Schedule 2 to this Exhibit B, in order to allow the Premises to achieve a LEED "Silver" certification level.

(b) Cost of Improvements. "**Cost of Improvement**" shall mean, with respect to any item or component for which a cost must be determined in order to allocate such cost, or an increase in such cost, to Tenant pursuant to this Tenant Work Letter, the sum of the following (unless otherwise agreed in writing by Landlord and Tenant with respect to any specific item or component or any category of items or components): (i) all sums paid to contractors or subcontractors for labor and materials furnished in connection with construction of such item or component; (ii) all costs, expenses, payments, fees and charges (other than penalties) paid to or at the direction of any city, county or other governmental or quasi-governmental authority or agency which are required to be paid in order

to obtain all necessary governmental permits, licenses, inspections and approvals relating to construction of such item or component; (iii) engineering and architectural fees for services rendered in connection with the design and construction of such item or component (including, but not limited to, the Architect for such item or component and an electrical engineer, mechanical engineer, structural engineer and civil engineer, if applicable); (iv) sales and use taxes; (v) testing and inspection costs; (vi) the cost of power, water and other utility facilities and the cost of collection and removal of debris required in connection with construction of such item or component; (vii) costs for builder's risk insurance; and (viii) all other "hard" and "soft" costs incurred in the construction of such item or component in accordance with the Approved TI Plans (if applicable) and this Tenant Work Letter; provided that the Cost of Improvements shall not include any internal or third-party costs incurred by Landlord except as provided in Section 2(e).

(c) **Construction of Landlord's TI Work**. Following completion of the Approved TI Plans, Landlord shall apply for and use reasonable efforts to obtain the necessary permits and approvals to allow construction of all Tenant Improvements. Upon receipt of such permits and approvals, Landlord shall, at Tenant's expense (subject to Landlord's payment of the Tenant Improvement Allowance and, to the extent requested by Tenant, the Additional TI Allowance), construct and complete the Tenant Improvements substantially in accordance with the Approved TI Plans, subject to Unavoidable Delays and Tenant Delays (if any). Landlord shall use commercially reasonable efforts to complete the Tenant Improvements on or before May 1, 2019, subject to Unavoidable Delays and Tenant Delays (if any). Such construction of the Tenant Improvements and Landlord's Work shall be performed in a neat, good and workmanlike manner, free of defects, using new materials and equipment of good quality, and shall materially conform to all applicable laws, rules, regulations, codes, ordinances, requirements, covenants, conditions and restrictions applicable thereto in force at the time such work is completed. Landlord shall cause Hathaway Dinwiddie (so long as obtaining such bid does not delay the completion of Landlord's TI Work), Landmark Builders and any other potential general contractors requested by Tenant and reasonably approved by Landlord to bid on general conditions and fee for construction of the Tenant Improvements. All bids will be opened together with Tenant selecting the general contractor to construct the Tenant Improvements, subject to the reasonable approval of Landlord. Tenant shall have the right to value engineer the proposed Tenant Improvements before the final bid is selected. Tenant shall also have the right to approve all subcontractors engaged by the General Contractor, which subcontractors shall be competitively bid and which approval shall not be unreasonably withheld, conditioned or delayed. Landlord shall enter into a stipulated sum or guaranteed maximum price construction contract with the General Contractor as selected by Tenant and approved by Landlord in the amount of the construction costs approved by Landlord and Tenant.

(d) **Changes**.

(i) If Landlord determines at any time that changes in the Final TI Working Drawings or in any other aspect of the Approved TI Plans relating to any item of Landlord's TI Work are required as a result of applicable law or governmental requirements, or are required as a result of unanticipated conditions encountered in the course of construction, then Landlord shall promptly (A) advise Tenant of such circumstances and (B) at Tenant's sole cost and expense, subject to Landlord's payment of the Tenant Improvement Allowance and, to the extent requested by Tenant, the Additional TI Allowance, cause revised Final TI Working Drawings to be prepared by the Architect and submitted to Tenant, for Tenant's approval, which shall not be unreasonably withheld. Failure of Tenant to deliver to Landlord written notice of disapproval and specification of such required changes on or before any deadline reasonably specified by Landlord (which shall not be less than three (3) business days after delivery thereof to Tenant) shall constitute and be deemed to be a Tenant Delay to the extent Landlord is delayed in completing Landlord's TI Work.

(ii) If Tenant at any time desires any changes, alterations or additions to the Final TI Working Drawings, Tenant shall submit a detailed written request to Landlord specifying such changes, alterations or additions (a "**Tenant Change Request**"). Upon receipt of any such request, Landlord, within five (5) business days, shall promptly notify Tenant of (A) whether the matters proposed in the Tenant Change Request are approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed by Landlord), (B) Landlord's estimate of the number of days of delay, if any, which shall be caused in the construction of the Tenant Improvements by such Tenant Change Request if implemented (including, without limitation, delays due to the need to obtain any revised plans or drawings and any governmental approvals), and (C) Landlord's estimate of the increase, if any, which shall occur in the cost of design, permitting, project management and construction of the Tenant Improvements affected by such Tenant Change Request if such Tenant Change Request is implemented (including, but not limited

to, any costs of compliance with laws or governmental regulations that become applicable because of the implementation of the Tenant Change Request). If Landlord approves the Tenant Change Request and Tenant notifies Landlord in writing, within three (3) business days after receipt of such notice from Landlord, of Tenant's approval of the Tenant Change Request (including the estimated delays and cost increases, if any, described in Landlord's notice), then Landlord shall cause such Tenant Change Request to be implemented and Tenant shall be responsible for all actual costs or cost increases resulting from or attributable to the implementation of the Tenant Change Request, and any delays resulting therefrom shall be deemed to be a Tenant Delay (subject to Landlord's payment of the Tenant Improvement Allowance and, to the extent requested by Tenant, the Additional TI Allowance). If Tenant fails to notify Landlord in writing of Tenant's approval of such Tenant Change Request within said three (3) business day period, then such Tenant Change Request shall be deemed to be withdrawn and shall be of no further effect.

(e) **Project Management**. Unless and until revoked by Landlord by written notice delivered to Tenant, Landlord hereby (i) delegates to Project Manager the authority to exercise all approval rights, supervisory rights and other rights or powers of Landlord under this Tenant Work Letter with respect to the design and construction of the Tenant Improvements, and (ii) requests that Tenant work with Project Manager with respect to any logistical or other coordination matters arising in the course of construction of the Tenant Improvements, including monitoring Tenant's compliance with its obligations under this Tenant Work Letter and under the Lease with respect to the design and construction of the Tenant Improvements. Tenant acknowledges the foregoing delegation and request, and agrees to cooperate reasonably with Project Manager as Landlord's representative pursuant to such delegation and request. Fees and charges of Project Manager for such services shall be at Tenant's sole expense, subject to Landlord's payment of the Tenant Improvement Allowance and, to the extent requested by Tenant, the Additional TI Allowance. Such fees shall be equal to 2.65% of all funds the Tenant Improvement Allowance or Additional Tenant Improvement Allowance used in connection with the construction of the Tenant Improvements, and 2% of any additional funds provided by Tenant for such construction.

3. **Completion**.

(a) When Landlord receives written certification from Architect that construction of the Tenant Improvements and Landlord's Work has been completed in accordance with the Approved TI Plans and Section 3(e) below (except for Punch List Work), Landlord shall prepare and deliver to Tenant a certificate (or separate certificates for the Tenant Improvements and Landlord's Work) signed by Landlord, Architect and General Contractor (the "**Substantial Completion Certificate**") (i) certifying that the construction of the Tenant Improvements and Landlord's Work has been substantially completed in a good and workmanlike manner in accordance with the Approved TI Plans and Section 3(e) below in all material respects, subject only to completion of Punch List Work, and specifying the date of that completion, and (ii) certifying that the Tenant Improvements and Landlord's Work comply in all material respects with all laws, rules, regulations, codes, ordinances, requirements, covenants, conditions and restrictions applicable thereto at the time of such delivery, including the ADA and all building codes. Upon receipt by Tenant of the Substantial Completion Certificate and tender of possession of the Premises by Landlord to Tenant, and receipt of any certificate of occupancy or its legal equivalent, or other required sign-offs from any applicable governmental authority, allowing the legal occupancy of the Premises, the Tenant Improvements will be deemed delivered to Tenant and "Ready for Occupancy" for all purposes of the Lease (subject to Landlord's continuing obligations with respect to any Punch List Work, and to any other express obligations of Landlord under the Lease or this Tenant Work Letter with respect to such Tenant Improvements).

(b) Immediately prior to delivery of the Substantial Completion Certificate for the Tenant Improvements, Project Manager or other representatives of Landlord shall conduct one or more "walkthroughs" of the Building with Tenant and Tenant's representatives, to identify any items of Punch List Work that may require correction and to prepare a joint punch list reflecting any such items, following which Landlord shall diligently complete the Punch List Work reflected in such joint punch list. The Punch List Work shall be attached to the Substantial Completion Certificate, and shall not include damage caused by Tenant or any of Tenant's agents in connection with any work performed by Tenant in the Premises, or required as a result of Tenant's move-in to the Premises. At any time within thirty (30) days after delivery of such Substantial Completion Certificate, Tenant shall be entitled to submit one or more lists to Landlord supplementing such joint punch list by specifying any additional items of Punch List Work to be performed on the applicable Tenant Improvements and Landlord's Work, and upon receipt of such list(s), Landlord shall diligently complete such additional Punch List Work. Promptly after Landlord provides Tenant with the Substantial Completion Certificate and completes all applicable Punch List Work for the Building, Landlord shall cause the recordation of a Notice of Completion (as defined in the California Civil Code) with respect to the Tenant Improvements.

(c) All construction, product and equipment warranties and guaranties obtained by Landlord with respect to the Tenant Improvements and Landlord's Work shall, to the extent reasonably obtainable, include a provision that such warranties and guaranties shall also run to the benefit of Tenant, and Landlord shall cooperate with Tenant in a commercially reasonable manner to assist in enforcing all such warranties and guaranties for the benefit of Tenant.

(d) Notwithstanding any other provisions of this Tenant Work Letter or of the Lease, if Landlord is delayed in substantially completing any of the Tenant Improvements as a result of any Tenant Delay, and if the Lease Commencement Date is being determined under clause (i) of Section 3.2 of the Lease Summary, then notwithstanding any other provision of the Lease to the contrary, then the Premises shall be deemed to have been Ready for Occupancy on the date the Premises would have been Ready for Occupancy absent such Tenant Delay.

(e) Notwithstanding any other provisions of this Tenant Work Letter or of the Lease, Landlord shall be responsible, at Landlord's sole cost and expense, and without deduction from the Tenant Improvement Allowance, to construct and deliver the Base Building and "Warm Shell" components of the Premises ("**Landlord's Work**"), which shall consist of the items set forth on Schedule 1 to this Exhibit B (the "**Warm Shell Schedule**").

(f) **Construction of Additional Base Building Items**. To the extent that the Final TI Working Drawings contain any structural items, or items which would not reasonably be categorized as "normal tenant improvements" under applicable GAAP standards (the "**Additional Base Building Items**"), then such Additional Base Building Items shall not be constructed as a part of the Landlord's TI Work or the Tenant Improvements, but instead will be constructed by Landlord as a part of the Landlord's Work. The cost of construction of the Additional Base Building Items (the "**Additional Base Building Costs**") shall be borne by Landlord. Before commencing construction thereof, Landlord shall obtain a reasonable, good faith bid for the Additional Base Building Items from the General Contractor, which bid shall take into account all reasonable factors, including, without limitation, reasonable contingencies in connection therewith, Landlord shall notify Tenant of the amount of such bid (the "**Estimated Base Building Costs**"), and the amount of the Tenant Improvement Allowance shall be reduced by the amount of the Estimated Base Building Costs. Landlord shall have the right to disapprove any aspect of the Final TI Working Drawing that would result in Additional Base Building Costs in excess of the then remaining Tenant Improvement Allowance, so that, while the Tenant Improvement Allowance may be reduced, under no circumstances would Tenant be required to pay for any Additional Base Building Items with its own funds.

4. **Payment of Costs**.

(a) **Tenant Improvement Allowance**. Subject to any restrictions, conditions or limitations expressly set forth in this Tenant Work Letter or in the Lease or as otherwise expressly provided by mutual written agreement of Landlord and Tenant, the cost of construction of the Tenant Improvements shall be paid or reimbursed by Landlord up to a maximum amount as set forth in Section 5 of the Summary to the Lease (the "**Tenant Improvement Allowance**"), which amount is being made available by Landlord to be applied towards the Cost of Improvements for the construction of the Tenant Improvements in the Premises. Tenant shall be responsible, at its sole cost and expense, for payment of the entire Cost of Improvements of the Tenant Improvements in excess of the Tenant Improvement Allowance, including (but not limited to) any costs or cost increases incurred as a result of delays (unless caused by Landlord), governmental requirements or unanticipated conditions (unless caused by Landlord), and for payment of any and all costs and expenses relating to any alterations, additions, improvements, furniture, furnishings, equipment, fixtures and personal property items which are not eligible for application of Tenant Improvement Allowance funds under the restrictions expressly set forth below in this paragraph, but Tenant shall be entitled to use or apply the entire Tenant Improvement Allowance toward the Cost of Improvements of the Tenant Improvements (subject to any applicable restrictions, conditions, limitations, reductions or charges set forth in the Lease or in this Tenant Work Letter) prior to being required to expend any of Tenant's own funds for the Tenant Improvements. The funding of the Tenant Improvement Allowance shall be made on a monthly basis or at other convenient intervals mutually approved by Landlord and Tenant and in all other respects shall be based on such commercially reasonable disbursement conditions and procedures as Landlord, Project Manager and Landlord's lender (if any) may reasonably prescribe. Notwithstanding the foregoing provisions, under no circumstances shall the Tenant

Improvement Allowance or any portion thereof be used or useable by Tenant for any moving or relocation expenses of Tenant, or for any Cost of Improvement (or any other cost or expense) associated with any moveable furniture or trade fixtures, personal property or any other item or element which, under the applicable provisions of the Lease, will not become Landlord's property and remain with the Building upon expiration or termination of the Lease. Notwithstanding anything to the contrary herein, the Tenant Improvements shall not include (and Landlord shall be solely responsible for and the Tenant Improvement Allowance shall not be used for) the following: (a) costs incurred due to the presence of any Hazardous Materials in the Premises, if any; (b) costs to bring the Project into compliance with Applicable Laws to the extent required in order to allow Tenant to obtain a certificate of occupancy or its legal equivalent, for the Premises for the Permitted Use assuming a normal and customary office occupancy density; (c) construction costs in excess of the contract amount stated in the contract with the General Contractor, as approved by Tenant (not to be unreasonably withheld), except for increases set forth in change orders approved by Tenant; (d) wages, labor and overhead for overtime and premium time unless approved by Tenant (which approval shall not be unreasonably withheld, conditioned or delayed); (e) attorneys' fees incurred in connection with negotiation of construction contracts, and attorneys' fees, experts' fees and other costs in connection with disputes with third parties; (f) interest and other costs of financing construction costs; (g) costs incurred as a consequence construction defects or default by a contractor; (h) costs as a consequence of casualties; (i) penalties and late charges attributable to Landlord's failure to pay construction costs; and (j) costs due to compliance with the soil management plan for the Project or its appendices.

(b) **Additional TI Allowance**. In addition to the Tenant Improvement Allowance, Tenant shall have the right, by written notice to Landlord given on or before the Lease Commencement Date, to use up to $30.00 per RSF of the Premises (i.e., up to $3,146,970.00) (the "**Additional TI Allowance**") towards the payment of the costs of the Tenant Improvement Allowance Items. In the event Tenant exercises its right to use all or any portion of the Additional TI Allowance, Tenant shall be required to pay Landlord, commencing on the date the Tenant Improvements are completed (the "**Additional Payment Commencement Date**"), the "Additional TI Allowance Payment," as that term is defined below, in consideration of Landlord provision of the Additional TI Allowance. The "**Additional TI Allowance Payment**" shall be determined as the missing component of an annuity, which annuity shall have (i) the amount of the Additional TI Allowance utilized by Tenant as the present value amount, (ii) a number equal to the number of full calendar months then remaining in the Substitute Premises Term as the number of payments, (iii) a monthly interest factor equal to seventy-five one-hundredths percent (0.75%), which is equal to nine percent (9%) divided by twelve (12) months per year, and (iv) the Additional TI Allowance Payment as the missing component of the annuity, and shall not be subject to annual escalations. Following the calculation of the Additional TI Allowance Payment, Landlord and Tenant will enter into a lease amendment in the form of **Exhibit G** attached to the Lease, to confirm the amount thereof.

(c) **Tenant Funds**. Any additional funds required to complete the cost of the work, that are in excess of or elected by the Tenant to be used in place of the Tenant Improvement Allowance and the Additional TI Allowance, shall be considered "**Tenant Funds**." The total cost to construct the Tenant Improvements as managed by Landlord and the Project Manager under this Work Letter shall be the "**Project Budget**." Landlord understands that at the time of the agreed upon Guaranteed Maximum Price (GMP), the Tenant Funds amount is an estimate and exact costs will not be known until project closeout. Tenant is required, at the time of agreement of the GMP, to provide a purchase order to the Landlord for the full estimated amount of the Tenant Funds. In the event the Tenant Funds at project closeout are less than the amount agreed upon within the Project Budget, Landlord will only bill Tenant for the Tenant Funds that have been utilized. In the event the Tenant Funds exceed the amount agreed upon within the Project Budget, through added scope changes, the Tenant shall provide additional purchases orders to the Landlord, which will be included in the Tenant Change Request process that the Landlord's representative administers.

5. **No Agency**. Nothing contained in this Tenant Work Letter shall make or constitute Tenant as the agent of Landlord.

6. **Tenant Access**. Provided that Tenant and its agents do not interfere with Contactor's work in the Building and the Premises (including by the use of non-union vendors without prior coordination with Landlord), Contractor and Landlord shall allow Tenant access to the Premises at least thirty (30) days prior to the Substantial Completion of the Landlord's TI Work without payment of Rent for the purpose of Tenant installing equipment or fixtures (including Tenant's data and telephone equipment) in the Premises and preparing the Premises for occupancy. Prior to Tenant's entry into the Premises as permitted by the terms of this Section 6, Tenant shall submit a schedule to

Landlord and Contractor, for their approval, which schedule shall detail the timing and purpose of Tenant's entry. Tenant shall hold Landlord harmless from and indemnify, protect and defend Landlord against any loss or damage to the Building or Premises and against injury to any persons caused by Tenant's actions pursuant to this Section 6.

7. **Miscellaneous**. All references in this Tenant Work Letter to a number of days shall be construed to refer to calendar days, unless otherwise specified herein. In all instances where Landlord's or Tenant's approval is required, if no written notice of disapproval is given within the applicable time period, at the end of that period Landlord or Tenant shall be deemed to have given approval (unless the provision requiring Landlord's or Tenant's approval expressly states that non-response is deemed to be a disapproval or withdrawal of the pending action or request, in which event such express statement shall be controlling over the general statement set forth in this sentence) and the next succeeding time period shall commence. If any item requiring approval is disapproved by Landlord or Tenant (as applicable) in a timely manner, the procedure for preparation of that item and approval shall be repeated. Landlord hereby acknowledges that Tenant shall not be required to restore the initial Tenant Improvements constructed in the Premises pursuant to the terms of this Tenant Work Letter upon the termination of the Lease.

8. **Time Deadlines**. Tenant shall use commercially reasonable, good faith, efforts and all due diligence to cooperate with the Architect, General Contractor and Landlord to complete all phases of the construction drawings set forth in this Tenant Work Letter and the permitting process and to receive the permits as soon as possible after the execution of the. The applicable dates for approval of items, plans and drawings as described in this Tenant Work Letter are set forth and further elaborated upon in Schedule 3 to this Exhibit B attached hereto (the "**Time Deadlines**"), attached hereto. Tenant agrees to utilize commercially reasonable efforts to comply with the Time Deadlines.

9. **Rooftop Space**. Tenant hereby acknowledges that to the extent either (i) any portion of the Tenant Improvements, or (ii) any of Tenant's equipment installed in the Premises, requires a portion of the roof to be utilized by Tenant, that Tenant shall only be permitted to utilize that certain portion of the roof as designated on Schedule 4 to this Exhibit B (the "**Rooftop Space**").

10. **Standard Tenant Improvement Package Specifications**. Tenant hereby acknowledges that the Tenant Improvements are subject to the specifications set forth on Schedule 5 to this **Exhibit B**.

SCHEDULE 1 TO EXHIBIT B

BASE BUILDING "WARM SHELL" DELIVERY CONDITION

The Cove at Oyster Point
Building 7
131 Oyster Point Boulevard
South San Francisco, CA 94080
Warm Shell Landlord Delivery Condition

DESCRIPTION

SITEWORK

1. Exterior hardscape and landscape, including site lighting, perimeter sidewalks, street curbs, miscellaneous site furnishings, and bio-retention basins
2. Surface parking lot
3. Bike lockers located in campus site and podium parking garage for pro rata allocation amongst Tenants
4. Campus electrical vehicle charging stations for pro rata allocation amongst Tenants
5. Exterior amenities space including all hardscape and landscape, lighting, and recreational infrastructure (volleyball/basketball sport court, bocce ball, trellis, 2-4 floor roof terrace above Building 6 garage)
6. Bus stop wind screens for local commuter shuttle service
7. Service yard foundation, structure, covered enclosure, and waterproofing for trash containers and dedicated nitrogen storage area for allocation amongst tenants in multiple buildings subject to landlord review and approval
8. Foundation and enclosure for Landlord provided diesel powered emergency generator
9. Loading dock with recessed shipping/receiving area with two (2) hydraulic dock levelers shared between building 6 and 7

STRUCTURE

1 Pile supported structural slab-on-grade foundation system consisting of steel-reinforced concrete auger-cast piles, pile caps, and horizontal grade beams

2. Steel superstructure consisting of steel columns, girders, beams, and concrete slab on composite metal deck, with live load capacity of 125 psf (reducible)
3. Type IB construction, code required primary structural fireproofing
4. Slab edge fire sating
5. Lateral seismic system utilizing buckling restrained bracec frames. Importance factor is 1.0

6. Roof deck framing with live load capacity of 20 psf
7. Mechanical platform and roof penthouse with live load capacity of 50 psf
8. Roof screen
9. Floor to floor height of 17', all floors (podium at 14')
10. Framed openings for Base Building utility risers
11. Stairs and stair enclosures per code requirements, including enclosure doors, handrails, and guardrails. Roof penthouse access for one (1) set of stairs
12. Window washing davit bases and arms
13. Miscellaneous metals items and/or concrete pads for Base Building equipment

ROOFING

1. 60 MIL single ply thermoplastic polyolefin (TP0) white or gray roof membrane
2. Rigid insulation, flashing, and sealants
3. Roofing penetrations for Base Building equipment/systems
4. Walkway pads along roof perimeter, outside of screened area

EXTERIOR

1. Non load-bearing glazed aluminum curtain wall and glass fiber reinforced concrete (GFRC) panel building enclosure system
2. Building entrances and openings
3. Freight elevator access in Podium, adjacent to Service Yard
4. Service Yard overhead door at loading dock area shared between Building 6 and 7

COMMON AREAS

1. Podium parking area with card reader controlled lift gate and roll up doors
2 Build out of Main Lobby
3 Stair enclosures painted at all building levels
4. One (1) B Occupancy Chemical Storage Rooms with 1-hour fire rated assembly, depressed pit (18"), and 100% outside air ventilation 1,850 cfm total for allocation amongst tenants per lease agreement.
5. Main Electrical Room
6. Emergency Electrical Room
7. Domestic Pump Room
8. Fire Booster Pump Room
9, Elevator Control Room
10. Telecommunications Main Point of Entry (MPOE) Room

11. Service Yard/Loading Dock Area, including space for trash enclosure, nitrogen storage (for nitrogen use only; allocation subject to Landlord review and approval), and generator enclosure shared between Building 6 and 7
12. Amenities Space including food service, fitness center, and recreational area (located in Building 3)
13. Roof Terrace space (located above Building 6 podium parking)

ELEVATORS

1. Two (2) passenger elevators; 3,500 lbs., 350 fpm
2. One (1) freight elevator; 5,000 lbs., 200 fpm
3. Recessed elevator pits for three (3) elevators
4. Seismic restraints inside freight elevator
5. EPS Express Priority Service at freight elevator

TENANT AREAS

1. Restroom Cores: one (1) set per floor including Men's and Women's Restrooms with (1) ADA shower each with bench and lockers, ceramic tile floors and wet walls, solid surface countertops, floor mounted metal partitions, hard lid ceiling, down lights and ADA low-flow plumbing fixtures
2. Janitor Closet — one (1) per floor
3. Stud wall framing at restroom core to underside of slab
4. Partial fire rated assembly at restroom core to 6" above ceiling
5. Electrical Room — one (1) per floor consisting of concrete floor, unfinished drywall and taped walls, no ceiling
6. Intermediate Distribution Frame (IDF) Room — one (1) per floor consisting of concrete floor, unfinished drywall and taped walls, no ceiling
7. Landlord maintained retractable davit arms stored in ground floor storage room.
8. Freight elevator lobby on floors 2.5
9. Finishes at common corridors on floors with multiple Tenants
10. Shaft enclosures for Base Building system risers

FIRE PROTECTION

1. 'Wet tire protection system: risers, distribution piping, and sprinkler heads for core areas
2. Primary distribution and sprinkler heads adequate for "Ordinary Hazard, Group 2" for core and shell coverage
3. Fire tank and associated piping for secondary fire water supply
4. Fire extinguisher cabinets at core areas

5. Fire safing at Base Building vertical penetrations, including penetrations for mechanical, electrical, and plumbing systems

PLUMBING

1. Building storm and overflow drainage system, including site underground storm sewer system and connection to storm sewer mains
2. Sand/Oil separator with connection to street
3. Domestic water service with backflow prevention and Base Building risers to Tenant spaces
4. Domestic water booster pump
5. Building lab waste consisting of underslab piping under podium parking, risers, and stubs in Tenant space
6. Lab waste sewer connection to sanitary sewer, lab waste sampling port at connection
7. Water heater on 2’ and 5th floor, inside Janitors Closet serving core Restrooms.
8. Domestic sanitary sewer connection to street
9. Main water meter and irrigation meter
10. Core restroom plumbing fixtures compliant with accessibility requirements

NATURAL GAS

1 Medium pressure natural gas service to Building

2. Natural gas riser to the roof and service to Base Building boilers

HEATING, VENTILATION, AIR CONDITIONING

1 Two (2) 122,000 cfm 100% outside air roof mounted air handlers serving Tenant lab spaces, allocation to Tenant space: standard 24,400 cfm per unit per floor (connected to standby power)

2. Two (2) 45,000 cfm supply/return roof mounted air handlers serving Tenant office spaces, allocation to Tenant space: standard 9,000 cfm per unit per floor
3. Three (3) 4,000 MBH input gas fired hot water boilers (connected to standby power)
4. Two (2) 450 ton centrifugal chillers
5. Chilled Water Pipe Risers, stubbed into tenant space. Chilled Water (Per Floor) supply & return future capped Valves 2” Chilled water stub outs not meant for 24/7 systems
6. Cooling only split system for base building MPOE Room
7. Two (2) 450 ton cooling towers

8. Secondary mechanical equipment, including pumps, roof ducting, piping, valves, manifolds, etc. to support Base Building mechanical systems
9. Hot water (Per Floor) Supply & return future capped valves 3”
10. Reheat coils within building lobby
11. Vertical supply air duct risers
12. Vertical return air duct risers
13. Horizontal supply air distribution: ducting. VAV terminals, equipment connections, insulation, air terminals, dampers, hangers, etc. within building lobby
14. Two (2) roof mounted dilution lab exhaust fan systems with 122,000 cfm capacity each, allocation to Tenant space: (connected to standby power)
15. Restroom exhaust for Base Building restrooms
16. Ventilation system for Base Building Electrical Room
17. Exhaust fan, side wall grille supply, and fire smoke dampers for ventilation of Base Building Electrical Rooms on each floor
18. Building Management System (BMS) for core area and Landlord infrastructure
19. Two (2) roof mounted stair pressurization fans with 5,600 dm (stair #1) and 6,100 cfm (stair #2) capacity

ELECTRICAL

1 Site campus medium voltage distribution system with connection to PG&E grid
2. 5,000 amp 480/277V Base Building substation with underground primary feeder to campus main switchgear
3. Standard power 1,600A bus duct risers providing 320 amps per floor
4. One (1) 1750 kW diesel standby power generator
5. Standby power 800A bus duct risers providing 160 amps per floor
6. Ground bar per floor connecting back to the Main Electric Room
7. Normal and Standby power available at roof for tenant utility loads
8. Automatic transfer switch for Tenant load
9. Lighting and power distribution for core areas separated from tenant loads
10. Base Building common area life safety emergency lighting/signage

11. Emergency Responder Radio Coverage System (ERRCS) consisting of head-end system, roof-mounted antenna, and 2” conduit risers in stair shafts DAS system tied to B3. No coverage within Tenant premises.
12. Two (2) 4” sleeves in IDF Rooms for future cell network infrastructure

FIRE ALARM

1. Base Building fire alarm system with devices in core areas (connected to standby power)
2. Fire Alarm Termination Cabinet (FATC) within each Electrical Room
3. Smoke Control panel with devices in core areas (connected to standby power)

TELEPHONE/DATA

1. Underground local fiber optic & telephone conduit only to Main Point of Entry (MPOE) Room
2. Two (2) 4” conduit risers from MPOE to Intermediate Distribution Frame (IDF) Room on each floor
3. Sleeves for future conduit riser from IDF Rooms to the roof; Landlord approval required for usage
4. Underground conduit to be shared with base building uses consisting of two (2) 4” conduits for campus intertie, two (2) 4” conduits for AT&T; two (2) 4” conduits for security and (1) 4” & (1) 2” conduit for Comcast.

SECURITY

1 Card access at Building entries
2. Video surveillance and intercom system at entrance and receiving doors of the Building
3. Main Lobby desk for future security operations. Security guard scope TBD

SCHEDULE 2 TO EXHIBIT B

LEED REQUIREMENTS

The following is a list of LEED prerequisites and credits that all tenants are required to meet compliance for their associated tenant-occupied spaces beyond the current Core & Shell project scope. By signing this lease, tenants are agreeing to comply with all of the outlined requirements.

- Water Efficiency Prerequisite 1 and Credit 3, Water Use Reduction
    - All toilets in the core or those that are tenant-installed shall be dual-flush toilets or “high-efficiency,” using 1.28 gallons per flush (gpf) or less.
    - All urinals shall be waterless or ultra low-flow e.g., 0.125gpf or less.
    - Bathroom faucets are required to have flow restrictors limiting flow to .5 gallons per minute (gpm). Kitchen and breakroom faucets to allow 2.0 gpm.
- Energy and Atmosphere Prerequisite 2, Minimum Energy Performance, and Credit 1, Optimize Energy Performance
    - Envelope must meet the following requirements:
- Walls: U = 0.082
- Roof: U = 0.039
- Curtain Glazing: U = 0.27, SHGC = 0.29 (Viracon)
    - Mechanical (Based on B3) systems must comply with the following:
- Chiller Efficiency: 0.549 kw/ton
- Boiler Efficiency: 93%
    - Plumbing (Based on B3) must comply with the following:
- Water heater efficiency: 96%
    - Lighting requirements are as follows:
- Office Spaces > 250 ft2: 0.75 w/sf
- Office Spaces <= 250 ft2: 1.0 w/sf
- Lab Spaces: 1.4 w/sf
- Energy and Atmosphere Credit 4, Enhanced Refrigerant Management
    - Tenants should specify HVAC systems that minimize refrigerant impact by avoiding refrigerants entirely or using systems that reduce their harmful impacts.
    - Tenants should not install or retain fire suppression systems with CFCs, HCFCs, or halons.

- Energy and Atmosphere Credit 5, Measurement & Verification
    - Tenants will be required to submeter
- Indoor Environmental Quality Prerequisite 1, Minimum Indoor Air Quality (IAQ) Performance
    - Tenant-installed mechanical ventilation systems must meet the requirements of ASHRAE 62.1-2007 sections 4-7.
- Indoor Environmental Quality Credit 1, Outdoor Air Delivery Monitoring
    - For mechanical ventilation systems that predominantly serve densely occupied spaces (those with a design occupant density greater than or equal to 25 people per 1000 sq. ft), tenants shall install a CO2 sensor within each densely occupied space.
    - For all other mechanical ventilation systems, provide an outdoor airflow measurement device capable of measuring the minimum outdoor airflow rate at all expected system operating conditions within 15 percent of the design minimum outdoor air rate.
- Indoor Environmental Quality Credit 5, Indoor Chemical and Pollutant Source Control
    - Walk off mats are installed at all building main entrances as part of the core and shell scope.
    - All rooms that contain chemicals or pollutants (such as copy rooms, photo labs, laundry, and janitorial rooms) must be built with deck-to-deck full-height walls and self-closing doors, separate ventilation systems with minimum .50 cfm/sqft exhaust fans, and containment drains for appropriate disposal of hazardous liquids
    - Tenants must also install MERV—13 filters for all return and outside air intakes in regularly occupied mechanically ventilated spaces
    - Indoor Environmental Quality Credit 6, Controllability of Systems—Thermal Comfort
    - Tenants shall provide thermal and ventilation controls for:
- At least 50 percent of the occupants that enable adjustment to suit individual needs and preferences & all shared multi-occupant spaces where transient groups must share controls.
- Indoor Environmental Quality Credit 7, Thermal Comfort—Design
    - HVAC design must meet requirements of ASHRAE 55-2004, specifically in reference to air temperature, radiant temperature, humidity, and air speed

SCHEDULE 3 TO EXHIBIT B

TIME DEADLINES

Alector TI
The Cove — Building 7, Floors 3 & 4
131 Oyster Point Blvd.
South San Francisco, CA

Updated 6/21/18

Tenant Improvement Milestone Schedule

05/15/2018	TI Design Commencement
06/15/2018	Tenant Selection of General Contractor
06/22/2018	Tenant Submission of Final Equipment List
07/20/2018	Tenant Approval of Schematic Plans
07/20/2018	Tenant's Written Notice of "Additional Base Building Items"
08/03/2018	Tenant Approval of Preliminary Project Budget
08/06/2018	Tenant Submission of HMIS
09/07/2018	Tenant Approval of Final TI Working Drawings
09/07/2018	Anticipated Submittal of Permit Documents (Final TI Working Drawings) to City
09/21/2018	Tenant Approval of Final Project Budget
10/15/2018	Anticipated Construction Commencement
05/01/2019	Anticipated Substantial Completion/Rent commencement

SCHEDULE 4 TO EXHIBIT B

DESIGNATED ROOF ZONES

[Schematic]

SCHEDULE 5 TO EXHIBIT B

[TENANT IMPROVEMENT SPECIFICATIONS]

EXHIBIT C

NOTICE OF LEASE TERM DATES

To: _____
_____
_____
_____

Re: Lease dated _____, 20__ between _____, a _____ ("**Landlord**"), and _____, a _____ ("**Tenant**") concerning Suite_____ on floor(s) _____ of the building located at _____, California.

Gentlemen:

In accordance with the Lease (the "**Lease**"), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on _____ for a term of _____ ending on _____.

2. Rent commenced to accrue on _____, in the amount of _____.

3. If the Lease Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.

4. Your rent checks should be made payable to _____ at _____.

5. The number of rentable/usable square feet within the Premises is approximately _____ square feet.

6. Tenant's Share as adjusted based upon the exact number of usable square feet within the Premises is _____%, subject to Section 6 of the Summary of Basic Lease Information.

"Landlord":

_____
_____,
a_____
_____

By: _____
Its: _____
_____

Agreed to and Accepted as
of _____, 20__.

“Tenant”:

_____
a_____
_____

By: _____
Its: _____
_____

EXHIBIT D

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Lease (the "**Lease**") made and entered into as of _____, 20 by and between _____ as Landlord, and the undersigned as Tenant, for Premises consisting of a portion of the building located at _____, California, certifies as follows:

1. Attached hereto as **Exhibit A** is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in **Exhibit A** represent the entire agreement between the parties as to the Premises.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on _____, and the Lease Term expires on _____, and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project, except as expressly set forth in the Lease.

3. Base Rent became payable on _____.

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in **Exhibit A**.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. Tenant shall not modify the documents contained in **Exhibit A** without the prior written consent of Landlord's mortgagee.

7. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is

8. To Tenant's actual knowledge, without inquiry, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder. The Lease does not require Landlord to provide any rental concessions or to pay any leasing brokerage commissions except as expressly set forth therein.

9. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease. Neither Landlord, nor its successors or assigns, shall in any event be liable or responsible for, or with respect to, the retention, application and/or return to Tenant of any security deposit paid to any prior landlord of the Premises, whether or not still held by any such prior landlord, unless and until the party from whom the security deposit is being sought, whether it be a lender, or any of its successors or assigns, has actually received for its own account, as landlord, the full amount of such security deposit.

10. To Tenant's actual knowledge, without inquiry, as of the date hereof, there are no existing defenses or offsets, or, to the undersigned's knowledge, claims or any basis for a claim, that the undersigned has against Landlord.

11. If Tenant is a corporation or partnership, Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

12. There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

13. Tenant is in full compliance with all federal, state and local laws, ordinances, rules and regulations affecting its use of the Premises, including, but not limited to, those laws, ordinances, rules or regulations relating to hazardous or toxic materials. Tenant has never permitted its agents, employees or contractors to engage in the generation, manufacture, treatment, use, storage, disposal or discharge of any hazardous, toxic or dangerous waste, substance or material in, on, under or about the Project or the Premises or any adjacent premises or property in violation of any federal, state or local law, ordinance, rule or regulation.

14. To the undersigned's knowledge, all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full. All work (if any) in the common areas required by the Lease to be completed by Landlord has been completed and all parking spaces required by the Lease have been furnished and/or all parking ratios required by the Lease have been met.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at _____ on the _____ day of _____, 20__.

"Tenant":

_____
_____,
a_____
_____

By: _____
Its: _____
_____

By: _____
Its: _____
_____

EXHIBIT E

[ENVIRONMENTAL QUESTIONNAIRE]

EXHIBIT F

TENANT'S PROPERTY

The following items, to the extent not purchased with the Tenant Improvement Allowance or Additional Improvement Allowance, shall be deemed "Tenant's Property":

1. All moveable furniture and equipment that is not "built-in".
2. Moveable lab casework (other than "built-in" lab casework), including moveable lab benches.
3. Servers, server racks and back-up batteries.
4. Furniture.
5. Portable fume hoods.
6. Biosafety cabinets.

EXHIBIT G

FORM OF AGREEMENT FOR ADDITIONAL MONTHLY BASE RENT

FIRST AMENDMENT TO LEASE

This FIRST AMENDMENT TO LEASE ("**Amendment**") is made and entered into as of _____, 2015, by and between HCP OYSTER POINT III LLC, a Delaware limited partner ("**Landlord**"), and ALECTOR LLC, a Delaware limited liability company ("**Tenant**").

R E C I T A L S :

A. Landlord and Tenant are parties to that certain Lease dated June _____, 2018, (the "**Lease**"), pursuant to which Tenant leases the third and fourth floors (the "**Premises**") containing approximately rentable square feet of space in the building located at 131 Oyster Point Boulevard, South San Francisco, California (the "**Building**").

B. Landlord and Tenant desire to amend the Lease on the terms and conditions set forth in this Amendment.

A G R E E M E N T :

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Terms. All capitalized terms when used herein shall have the same respective meanings as are given such terms in the Lease unless expressly provided otherwise in this Amendment.

2. Additional TI Allowance. Pursuant to the terms of Section 4 of the Tenant Work Letter attached to the Lease as **Exhibit B**, Tenant was entitled to an Additional TI Allowance of up to $ (the "Additional TI Allowance"). Notwithstanding any provision to the contrary contained in the Lease, Landlord and Tenant hereby acknowledge and agree that Tenant has utilized and /100 Dollars ($_____) of the Additional TI Allowance (the "Utilized Additional TI Allowance").

4. Additional Monthly Base Rent. As a result of Tenant's use of the Utilized Additional TI Allowance, Tenant is required to pay Additional Monthly Base Rent calculated as provided in Section 4 of the Tenant Work Letter, which Additional Monthly Base Rent shall be equal to $ per month, payable on or before the first (1st) day of each month commencing as of _____, and continuing through the expiration of the initial Lease Term.

5. No Further Modification. Except as specifically set forth in this Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

LANDLORD:

HCP OYSTER POINT III LLC,
a Delaware limited liability company

By: _____

Name: _____

Its: _____

TENANT:

ALECTOR LLC,
a Delaware limited liability company

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Title: _____

EXHIBIT H

Attached

L/C DRAFT LANGUAGE

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER

ISSUE DATE:

ISSUING BANK:
SILICON VALLEY BANK
3003 TASMAN DRIVE
2ND FLOOR, MAIL SORT HF210
SANTA CLARA, CALIFORNIA 95054

BENEFICIARY:
HCP OYSTER POINT III LLC
1920 MAIN STRET, SUITE 1200
IRVINE, CA 92614
ATTENTION: LEGAL DEPARTMENT

APPLICANT:
ALECTOR, LLC
151 OYSTER POINT BLVD
SUITE 300
SOUTH SAN FRANCISCO CA 94080

AMOUNT:	US$ (U.S. DOLLARS)
EXPIRATION DATE:	SVB WILL PUT A SPECIFIC DATE HERE THAT'S 1 YEAR ISSUANCE HERE
PLACE OF EXPIRATION:	-SANTA CLARA, CALIFORNIA

LADIES AND GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. SVBS_____IN YOUR FAVOR FOR THE ACCOUNT OF ALECTOR, LLC, UP TO THE AGGREGATE AMOUNT OF USD800,000.00 EFFECTIVE IMMEDIATELY AND EXPIRING ON _____. THIS LETTER OF CREDIT IS AVAILABLE BY SIGHT PAYMENT WITH OURSELVES AGAINST PRESENTATION AT THIS OFFICE OF THE FOLLOWING DOCUMENTS:

1. THE ORIGINAL OF THIS LETTER OF CREDIT AND ALL AMENDMENT (S), IF ANY.
2. YOUR SIGHT DRAFT DRAWN ON US IN THE FORM ATTACHED HERETO AS EXHIBIT "A".
3. A DATED STATEMENT SIGNED BY AN AUTHORIZED OFFICER OF THE BENEFICIARY, FOLLOWED BY HIS/HER PRINTED NAME AND DESIGNATED TITLE, STATING THE FOLLOWING:

"THE UNDERSIGNED HEREBY CERTIFIES THAT THE LANDLORD, EITHER (A) UNDER THE LEASE (DEFINED BELOW), OR (B) AS A RESULT OF THE TERMINATION OF SUCH LEASE, HAS THE RIGHT TO DRAW DOWN THE AMOUNT OF USD _____[INSERT DRAW AMOUNT] IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN OFFICE LEASE DATED [INSERT LEASE DATE], AS THE SAME MAY HAVE BEEN AMENDED (COLLECTIVELY, THE "LEASE"), OR SUCH AMOUNT CONSTITUTES

DAMAGES OWING BY THE TENANT TO BENEFICIARY RESULTING FROM THE BREACH OF SUCH LEASE BY THE TENANT THEREUNDER, OR THE TERMINATION OF SUCH LEASE, AND SUCH AMOUNT REMAINS UNPAID AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT WE HAVE RECEIVED A WRITTEN NOTICE OF SILICON VALLEY BANK'S ELECTION NOT TO EXTEND ITS STANDBY LETTER OF CREDIT NO. SVB _____ AND HAVE NOT RECEIVED A REPLACEMENT LETTER OF CREDIT WITHIN AT LEAST THIRTY (30) DAYS PRIOR TO THE PRESENT EXPIRATION DATE."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. SVB _____ AS THE RESULT OF THE FILING OF A VOLUNTARY PETITION UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE BY THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [INSERT LEASE DATE], AS THE SAME MAY HAVE BEEN AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. SVB _____ AS THE RESULT OF AN INVOLUNTARY PETITION HAVING BEEN FILED UNDER THE U.S. BANKRUPTCY CODE OR A STATE BANKRUPTCY CODE AGAINST THE TENANT UNDER THAT CERTAIN OFFICE LEASE DATED [INSERT LEASE DATE], AS THE SAME MAY HAVE BEEN AMENDED (COLLECTIVELY, THE "LEASE"), WHICH FILING HAS NOT BEEN DISMISSED AT THE TIME OF THIS DRAWING."

OR

"THE UNDERSIGNED HEREBY CERTIFIES THAT BENEFICIARY IS ENTITLED TO DRAW DOWN THE FULL AMOUNT OF LETTER OF CREDIT NO. SVB _____ AS THE RESULT OF THE REJECTION, OR DEEMED REJECTION, OF THAT CERTAIN OFFICE LEASE DATED [INSERT LEASE DATE], AS THE SAME MAY HAVE BEEN AMENDED, UNDER SECTION 365 OF THE U.S. BANKRUPTCY CODE."

ALL BANKING CHARGES ARE FOR THE APPLICANT'S ACCOUNT.

PARTIAL AND MULTIPLE DRAWINGS ARE ALLOWED. THIS LETTER OF CREDIT MUST ACCOMPANY ANY DRAWINGS HEREUNDER FOR ENDORSEMENT OF THE DRAWING AMOUNT AND WILL BE RETURNED TO THE BENEFICIARY UNLESS IT IS FULLY UTILIZED.

DRAFT(S) AND DOCUMENTS MUST INDICATE THE NUMBER AND DATE OF THIS LETTER OF CREDIT.

THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY EXTENDED FOR AN ADDITIONAL PERIOD OF ONE YEAR, WITHOUT AMENDMENT, FROM THE PRESENT AND/OR EACH FUTURE EXPIRATION DATE UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE WE NOTIFY YOU BY REGISTERED MAIL OR OVERNIGHT COURIER SERVICE AT THE ABOVE ADDRESS (OR ANY OTHER ADDRESS INDICATED BY YOU, IN A WRITTEN NOTICE TO US, THE RECEIPT OF WHICH WE HAVE ACKNOWLEDGED, AS THE ADDRESS TO WHICH WE SHOULD SEND SUCH NOTICE) THAT THIS LETTER OF CREDIT WILL NOT BE EXTENDED BEYOND THE CURRENT EXPIRATION DATE. IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND _____ WHICH SHALL BE THE FINAL EXPIRATION DATE OF THIS LETTER OF CREDIT.

THIS LETTER OF CREDIT IS TRANSFERABLE ONE OR MORE TIMES BUT IN EACH INSTANCE TO A SINGLE BENEFICIARY AS TRANSFEREE AND ONLY IN ITS ENTIRETY UP TO THE THEN AVAILABLE AMOUNT IN FAVOR OF ANY NOMINATED TRANSFEREE ASSUMING SUCH TRANSFER TO SUCH TRANSFEREE WOULD BE IN COMPLIANCE WITH THEN APPLICABLE LAW AND REGULATIONS, INCLUDING BUT NOT LIMITED TO THE REGULATIONS OF THE U.S. DEPARTMENT OF TREASURY AND U.S. DEPARTMENT OF COMMERCE. AT THE TIME OF TRANSFER, THE ORIGINAL LETTER OF CREDIT AND ORIGINAL AMENDMENT(S), IF ANY, MUST BE SURRENDERED TO US TOGETHER WITH OUR LETTER OF TRANSFER DOCUMENTATION (IN THE FORM OF EXHIBIT "B" ATTACHED HERETO). THE CORRECTNESS OF THE SIGNATURE AND TITLE OF THE PERSON SIGNING THE TRANSFER FORM MUST BE VERIFIED BY BENEFICIARY'S BANK, PROVIDED THAT IN LIEU OF SUCH BANK AUTHENTICATION, BENEFICIARY MAY PROVIDE THE ISSUING BANK WITH ALTERNATIVE DOCUMENTATION TO EVIDENCE THE SIGNER'S AUTHORITY TO EXECUTE THE TRANSFER INSTRUMENT ON BEHALF OF THE BENEFICIARY, SUCH AS AN INCUMBENCY CERTIFICATE OR OTHER DOCUMENTATION AS MAY BE REASONABLY SATISFACTORY TO THE ISSUING BANK. OUR TRANSFER FEE OF 1/4 OF 1% OF THE TRANSFER AMOUNT (MINIMUM $250.00) SHALL BE PAID BY APPLICANT. HOWEVER, ANY REQUEST FOR TRANSFER IS NOT CONTINGENT UPON APPLICANT'S ABILITY TO PAY OUR TRANSFER FEE. ANY TRANSFER OF THIS LETTER OF CREDIT MAY NOT CHANGE THE PLACE OF EXPIRATION OF THE LETTER OF CREDIT FROM OUR ABOVE-SPECIFIED OFFICE. EACH TRANSFER SHALL BE EVIDENCED BY OUR ENDORSEMENT ON THE REVERSE OF THE ORIGINAL LETTER OF CREDIT AND WE SHALL FORWARD THE ORIGINAL LETTER OF CREDIT TO THE TRANSFEREE. UPON SUCH TRANSFER, ALL REFERENCES TO THE BENEFICIARY IN THE LETTER OF CREDIT SHALL BE REPLACED WITH THE NAME OF THE TRANSFEREE.

DOCUMENTS MUST BE DELIVERED TO US DURING REGULAR BUSINESS HOURS ON A BUSINESS DAY OR FORWARDED TO US BY OVERNIGHT DELIVERY SERVICE TO: SILICON VALLEY BANK, 3003 TASMAN DRIVE, 2ND FLOOR, MAIL SORT HF210, SANTA CLARA, CALIFORNIA 95054, ATTENTION: INTERNATIONAL DIVISION—STANDBY LETTER OF CREDIT NEGOTIATION DEPARTMENT (THE "BANK'S OFFICE").

PAYMENT AGAINST CONFORMING PRESENTATIONS HEREUNDER PRIOR TO 10:00 A.M. CALIFORNIA TIME, ON A BUSINESS DAY SHALL BE MADE BY BANK DURING NORMAL BUSINESS HOURS OF THE BANK'S OFFICE ON THE NEXT SUCCEEDING BUSINESS DAY. PAYMENT AGAINST CONFORMING PRESENTATIONS HEREUNDER AFTER 10:00 A.M. CALIFORNIA TIME, ON A BUSINESS DAY SHALL BE MADE BY BANK DURING NORMAL BUSINESS HOURS OF THE BANK'S OFFICE ON THE SECOND SUCCEEDING BUSINESS DAY.

AS USED HEREIN, THE TERM "BUSINESS DAY" MEANS A DAY ON WHICH WE ARE OPEN AT OUR ABOVE ADDRESS IN SANTA CLARA, CALIFORNIA TO CONDUCT OUR LETTER OF CREDIT BUSINESS. NOTWITHSTANDING ANY PROVISION TO THE CONTRARY IN THE ISP98 (AS HEREINAFTER DEFINED), IF THE EXPIRATION DATE OR THE FINAL EXPIRATION DATE IS NOT A BUSINESS DAY THEN SUCH DATE SHALL BE AUTOMATICALLY EXTENDED TO THE NEXT SUCCEEDING DATE WHICH IS A BUSINESS DAY.

WE HEREBY AGREE WITH THE BENEFICIARY THAT DRAFTS DRAWN UNDER AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED UPON PRESENTATION TO US ON OR BEFORE THE EXPIRATION DATE OF THIS LETTER OF CREDIT OR ANY AUTOMATICALLY EXTENDED EXPIRATION DATE. PRESENTATIONS MAY BE MADE IN PERSON OR BY OVERNIGHT COURIER DELIVERY SERVICE OR BY FACSIMILE ON OR BEFORE OUR CLOSE OF BUSINESS ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

SHOULD BENEFICIARY WISH TO MAKE PRESENTATIONS UNDER THIS LETTER OF CREDIT ENTIRELY BY FACSIMILE TRANSMISSION (IT NEED NOT TRANSMIT THE LETTER OF CREDIT). IT MAY DO SO IN LIEU OF PRESENTING THE PHYSICAL DOCUMENTS OTHERWISE REQUIRED FOR PRESENTATION UNDER THE TERMS OF THIS LETTER OF CREDIT. PROVIDED HOWEVER, SHOULD IT ELECT TO DO SO, EACH SUCH FACSIMILE TRANSMISSION SHALL BE MADE ON A BUSINESS DAY AT FAX NO. (408) 496-2418 OR (408) 969-6510; AND SIMULTANEOUSLY UNDER TELEPHONE ADVICE TO: (408) 654-6274 OR (408) 654-7127 OR (408) 654-7716 OR (408) 654-3035 AND, ON THE DAY OF SUCH TRANSMISSION, BE IMMEDIATELY FOLLOWED BY BENEFICIARY'S SENDING TO US ALL OF THE ORIGINALS OF SUCH FAXED DOCUMENTS TOGETHER WITH THE ORIGINAL OF THIS LETTER OF CREDIT BY OVERNIGHT MAIL OR COURIER SERVICE TO THE BANK'S OFFICE AS DESCRIBED ABOVE. PROVIDED FURTHER, HOWEVER, WE WILL DETERMINE TO HONOR OR DISHONOR ANY SUCH FACSIMILE PRESENTATION PURELY ON THE BASIS OF OUR EXAMINATION OF SUCH FACSIMILE PRESENTATION, AND WILL NOT EXAMINE THE ORIGINALS.

IF ANY INSTRUCTIONS ACCOMPANYING A DRAWING UNDER THIS LETTER OF CREDIT REQUEST THAT PAYMENT IS TO BE MADE BY TRANSFER TO YOUR ACCOUNT WITH ANOTHER BANK, WE WILL ONLY EFFECT SUCH PAYMENT BY FED WIRE TO A U.S. REGULATED BANK, AND WE AND/OR SUCH OTHER BANK MAY RELY ON AN ACCOUNT NUMBER SPECIFIED IN SUCH INSTRUCTIONS EVEN IF THE NUMBER IDENTIFIES A PERSON OR ENTITY DIFFERENT FROM THE INTENDED PAYEE.

IF THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT NO.SVB_____ IS LOST, STOLEN OR DESTROYED, WE WILL ISSUE YOU A "CERTIFIED TRUE COPY" OF THIS STANDBY LETTER OF CREDIT NO.SVB_____ UPON OUR RECEIPT OF YOUR INDEMNITY LETTER TO SILICON VALLEY BANK WHICH WILL BE SENT TO YOU UPON OUR RECEIPT OF YOUR WRITTEN REQUEST THAT THIS STANDBY LETTER OF CREDIT NO.SVB _____ IS LOST, STOLEN, OR DESTROYED. IF THE ORIGINAL OF THIS STANDBY LETTER OF CREDIT NO. SVB _____ IS MUTILATED, WE WILL ISSUE YOU A REPLACEMENT STANDBY LETTER OF CREDIT WITH THE SAME NUMBER, DATE AND TERMS AS THE ORIGINAL UPON OUR RECEIPT OF THE MUTILATED STANDBY LETTER OF CREDIT.

EXCEPT SO FAR AS OTHERWISE EXPRESSLY STATED HEREIN, THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (ISP98), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 590.

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

EXHIBIT "A"

DATE:_____ REF. NO. _____

AT SIGHT OF THIS DRAFT

PAY TO THE ORDER OF _____ US$_____

US DOLLARS _____

DRAWN UNDER SILICON VALLEY BANK, SANTA CLARA, CALIFORNIA, STANDBY LETTER OF CREDIT NUMBER NO._____ DATED _____

TO: SILICON VALLEY BANK
3003 TASMAN DRIVE
SANTA CLARA, CA 95054

_____
(BENEFICIARY'S NAME)

_____
Authorized Signature

GUIDELINES TO PREPARE THE DRAFT

1. DATE: ISSUANCE DATE OF DRAFT.
2. REF. NO.: BENEFICIARY'S REFERENCE NUMBER, IF ANY.
3. PAY TO THE ORDER OF: NAME OF BENEFICIARY AS INDICATED IN THE L/C (MAKE SURE BENEFICIARY ENDORSES IT ON THE REVERSE SIDE).
4. US$: AMOUNT OF DRAWING IN FIGURES.
5. USDOLLARS: AMOUNT OF DRAWING IN WORDS.
6. LETTER OF CREDIT NUMBER: SILICON VALLEY BANK'S STANDBY L/C NUMBER THAT PERTAINS TO THE DRAWING.
7. DATED: ISSUANCE DATE OF THE STANDBY L/C.
8. BENEFICIARY'S NAME: NAME OF BENEFICIARY AS INDICATED IN THE L/C.
9. AUTHORIZED SIGNATURE: SIGNED BY AN AUTHORIZED SIGNER OF BENEFICIARY.

IF YOU HAVE QUESTIONS RELATED TO THIS STANDBY LETTER OF CREDIT PLEASE CONTACT US AT _____.

EXHIBIT "B"

TRANSFER FORM

DATE: _____

TO: SILICON VALLEY BANK
3003 TASMAN DRIVE
SANTA CLARA, CA 95054
ATTN:INTERNATIONAL DIVISION.
STANDBY LETTERS OF CREDIT

RE: IRREVOCABLE STANDBY LETTER OF CREDIT
NO. _____ISSUED BY
SILICON VALLEY BANK, SANTA CLARA
L/C AMOUNT:_____

GENTLEMEN:

FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFERS TO:

_____

(NAME OF TRANSFEREE)

_____

(ADDRESS)

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT UP TO ITS AVAILABLE AMOUNT AS SHOWN ABOVE AS OF THE DATE OF THIS TRANSFER.

BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF CREDIT ARE TRANSFERRED TO THE TRANSFEREE. TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS, AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECTLY TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ORIGINAL OF SUCH LETTER OF CREDIT IS RETURNED HEREWITH, AND WE ASK YOU TO ENDORSE THE TRANSFER ON THE REVERSE THEREOF, AND FORWARD IT DIRECTLY TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER.

SIGNATURE AUTHENTICATED The name(s), title(s), and signature(s) conform to that / those on file with us for the company and the signature(s) is/are authorized to execute this instrument.
(Name of Bank)
(Address of Bank)
(City, State, Zip Code)
(Print Authorized Name and Title) (Authorized Signature)
(Telephone Number)

_____

_____

(BENEFICIARY'S NAME)

By: _____

Printed Name: _____

Title: _____

Exhibit 10.15

SPECIFIC TERMS IN THIS EXHIBIT HAVE BEEN REDACTED BECAUSE CONFIDENTIAL TREATMENT FOR THOSE TERMS HAS BEEN REQUESTED. THE REDACTED MATERIAL HAS BEEN SEPARATELY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE TERMS HAVE BEEN MARKED AT THE APPROPRIATE PLACE WITH THREE ASTERISKS [***].

THIRD AMENDED AND RESTATED COLLABORATION AGREEMENT

THIS THIRD AMENDED AND RESTATED COLLABORATION AGREEMENT (the "**Agreement**") is made as of September 19, 2016 (the "**Third Amended and Restated Effective Date**"), by and between **ADIMAB, LLC**, a Delaware limited liability company having an address at 7 Lucent Drive, Lebanon, NH 03766 ("**Adimab**") and **ALECTOR, LLC**, a Delaware limited liability company having an address at 953 Indiana Street, San Francisco, CA 94107 ("**Alector**").

WHEREAS, Adimab and Alector (together, the "**Parties**") entered into that certain Collaboration Agreement (the "**Initial Collaboration Agreement**") dated as of January 8, 2014 (the "**Effective Date**") as such Initial Collaboration Agreement was amended and restated on December 19, 2014 (the "**First Amended and Restated Agreement**") and September 30, 2015 (the "**Second Amended and Restated Agreement**"); and

WHEREAS, the Parties wish to amend and restate the Second Amended and Restated Collaboration Agreement to revise the treatment of Optimized Antibodies with respect to milestone payments and the ability of Alector to independently optimize antibodies (other than Program Antibodies) without owing downstream payments on such antibodies under this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, representations and warranties and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree that the First Amended and Restated Collaboration Agreement is amended and restated in its entirety as of the date hereof to read as follows:

BACKGROUND

1. Adimab is the leader in yeast-based, fully human antibody discovery using its proprietary core technology platform.

2. Alector is a newly formed biotechnology company focused on and having great expertise in neurological, inflammatory, and cardiovascular disease-related biological targets.

3. The Parties wish to collaborate to have Alector select [***] targets; Adimab discover antibodies directed against the selected targets; and Alector determine the activity of the antibodies delivered by Adimab and have the option to license certain of these antibodies for development and commercialization as biopharmaceutical product(s), all as more particularly set forth in this Agreement.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants set forth below, and for other good and valuable consideration, the receipt of which is hereby acknowledged, Adimab and Alector hereby agree as follows:

ARTICLE 1

DEFINITIONS.

The following initially capitalized terms have the following meanings (and derivative forms of them shall be interpreted accordingly):

1.1 "**AAA**" has the meaning given in Section 10.2(b)(i).

1.2 "**Accounting Standards**" means United States generally accepted accounting principles, or International Financial Reporting Standards, whichever is used by the applicable Party in preparing its audited financial statements, in either case, consistently applied.

1.3 "**Adimab Indemnitees**" has the meaning given in Section 8.2.

1.4 "**Adimab Materials**" means any tangible biological or chemical materials (including all vectors, antibodies and other Know-How in the form of tangible biological or chemical materials) used by Adimab or provided by Adimab to Alector under a Research Program, including Program Antibodies (and DNA encoding these Program Antibodies), but in each case excluding Alector Materials.

1.5 "**Adimab Platform/Background Patents**" means all Patents Adimab or any of its Affiliates Controls during the term of this Agreement that [***].

1.6 "**Adimab Platform/Core Technology**" means (a) fully-integrated, yeast-based antibody discovery, maturation and production via methods that include synthetic DNA antibody libraries, (b) all methods, materials and other Know-How used in the foregoing and (c) platforms embodying, components, component steps and other portions of any of the foregoing in (a) or (b).

1.7 "**Adimab Platform/Core Technology Improvement**" means all [***].

As non-limiting examples, the following would qualify as Adimab Platform/Core Technology Improvements if they were Adimab Program Inventions: [***].

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

[***] shall not be deemed Adimab Platform/Core Technology Improvements. Adimab Platform/Core Technology Improvements do not include inventions claimed by Broad Target/Non-CDR Antibody Patents (which, to avoid doubt, in accordance with the definition thereof, do not encompass any Program Inventions of which Adimab is an inventor in whole or in part with respect to clause (2) of the first paragraph of that definition).

1.8 "**Adimab Program Inventions**" means [***]. Inventorship for purposes of this definition, and all intellectual property-related definitions in this Agreement, shall be determined in accordance with United States patent law.

1.9 "**Adimab True-Up Amount**" has the meaning given in Section 9.6.

1.10 "**Affiliate**" means, as to a given entity, another entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such first entity. For purposes of this definition, "control" means the ownership of fifty percent (50%) or more of the voting securities entitled to elect the directors or management of the entity, or the actual power to elect or direct the management of the entity. Adimab and Alector shall not be deemed to be Affiliates of each other, nor shall Affiliates of Alector be deemed to be Affiliates of Adimab (due to a common control relationship), or vice versa. Moreover, notwithstanding anything in this Agreement to the contrary, any venture capital fund, private equity fund or other investor who is not primarily an operating biopharmaceutical, pharmaceutical, diagnostics, or medical device research and development and/or marketing company (a "**Non-Affiliate Investor**") shall not be considered an Affiliate of Alector, and any person or entity that directly or indirectly controls or is controlled by a Non-Affiliate Investor (except for any entity directly or indirectly controlled by Alector, controlling Alector, or under common control with Alector, in each case other than through Non-Affiliate Investor(s)) shall not be considered an Affiliate of Alector solely by reason of being controlled by the same Non-Affiliate Investors. The foregoing sentence shall apply mutatis mutandis to Adimab.

1.11 "**Alector Change of Control**" means any (i) a merger or consolidation in which Alector is a constituent party, except any such merger or consolidation in which the equity ownership of Alector outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of equity securities that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the equity ownership of the surviving or resulting entity (or the ultimate parent entity of such surviving or resulting entity) or (ii) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by Alector of all or substantially all the assets of Alector. Notwithstanding anything express or implied in this definition, (a) any of the foregoing transaction(s) shall not constitute an "Alector Change of Control" if (1) the business of Alector

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*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

immediately prior to such transaction(s) is the primary business of Alector or the surviving entity immediately after such transaction(s), and (2) Alector or the surviving entity, immediately after such transaction(s), if controlled, is controlled (as "control" is defined in the definition of Affiliate), directly or indirectly, through zero, one or more intermediaries, exclusively by any one or more venture capital funds, private equity funds or other investors each of whom is not primarily an operating biopharmaceutical, pharmaceutical, diagnostics, or medical device research and development and/or marketing company and is not controlled (as "control" is defined in the definition of Affiliate) by such an operating company, and (b) if Alector becomes Affiliated with any top-20 (based on annual sales) pharmaceutical or top-20 (based on annual sales) biopharmaceutical company, regardless of the form of the transaction(s) and which entity is the surviving entity, this shall be an Alector Change of Control for purposes of this Agreement. Notwithstanding anything express or implied in this definition, Alector Change of Control excludes Subsidiary Trade Sales.

1.12 "**Alector Indemnitees**" has the meaning given in Section 8.1.

1.13 "**Alector Materials**" means any tangible biological or chemical materials (including antigen samples and other Know-How in the form of tangible biological or chemical materials) provided by Alector to Adimab under any Research Program. It is understood that Alector Materials include antibodies provided to Adimab for use in an Optimization Research Program (except to the extent that such antibodies are Program Antibodies).

1.14 "**Alector Program Inventions**" means [***]. Inventorship for purposes of this definition, and all intellectual property-related definitions in this Agreement, shall be determined in accordance with United States patent law.

1.15 "**Antibody Sequence Coverage**" means a Program Patent with respect to which all of the following clauses [***]. Adimab shall be entitled to require separate filings in order to separate claims that standing alone would be Antibody Sequence Coverage from other claims that standing alone would be either Adimab Platform/Core Technology Improvements or Broad Target/Non-CDR Antibody Patents. Furthermore, Adimab shall be entitled to require separate filings in order that Specific Sequence Information related to Program Antibodies that are not (and do not become) Licensed Antibodies are not disclosed after publication of Program Patents that do contain Sequence Specific Information for Licensed Antibodies. A Program Patent shall not be deemed Antibody Sequence Coverage to the extent it claims Alector Materials.

1.16 "**Audited Party**" has the meaning given in Section 4.12(a).

1.17 "**Auditing Party**" has the meaning given in Section 4.12(a).

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

1.18 "**Bankruptcy Code**" has the meaning given in Section 9.7.

1.19 "**Broad Target/Non-CDR Antibody Invention**" means [***]. Broad Target/Non-CDR Antibody Inventions that are Alector Program Inventions (but no other Program Inventions) will not be Adimab Platform/Core Technology Improvements.

As non-limiting examples, the following would qualify as Broad Target/Non-CDR Antibody Inventions if [***].

Subject to the confidentiality and sequence non-disclosure provisions of this Agreement, a Patent claiming Broad Target/Non-CDR Antibody Inventions may recite a Program Antibody or Program-Benefited Antibody as an example, and this fact alone shall not cause the claimed invention not to be a Broad Target/Non-CDR Antibody Invention.

1.20 "**Broad Target/Non-CDR Antibody Patent**" means any Patent that is directed solely to a Broad Target/Non-CDR Antibody Invention. Broad Target/Non-CDR Antibody Patents include [***]. In addition, to the extent a Program Patent claims Alector Materials, for purposes of this Agreement it shall be treated the same as and deemed to be a Broad Target/Non-CDR Antibody Patent.

1.21 "**Business Day**" means a day that is not a Saturday, Sunday or public holiday in New York, New York, USA or Lebanon, New Hampshire, USA.

1.22 "**CDR**" means the complementarity-determining region of an antibody as defined by the Kabat numbering scheme or, the Chothia numbering scheme or, the IMGT database.

1.23 "**Collaboration**" means each Party's activities under a Research Program at any time during the Collaboration Term.

1.24 "**Collaboration Term**" means the period starting on the Effective Date and continuing until the later of (a) expiration of the Tail Period or (b) completion of any Research Program activities continuing thereafter; *provided*, *however*, that in no event will Adimab be required to expend resource beyond the Tail Period; and *provided*, *further*, *however*, that in no event shall the Collaboration Term extend beyond the date which is [***] from the Effective Date without the prior written consent of Adimab.

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1.25 "**Combination Product**" means:

(a) a pharmaceutical composition that contains or is comprised of one or more Licensed Antibody(ies), and additionally contains or is comprised of one or more clinically active therapeutic or prophylactic ingredients that are not Licensed Antibody(ies);

(b) a pharmaceutical composition that contains or is comprised of one or more Licensed Antibody(ies) that are Optimized Antibody(ies), and additionally contains or is comprised of one or more Licensed Antibody(ies) that are not Optimized Antibody(ies);

(c) a therapeutic or prophylactic Product (whether or not a drug combination as described in (a) above) that is delivered by a proprietary, patented delivery device licensed from a Third Party, where the therapeutic or prophylactic Product and the patented delivery device are sold together for a single sales price;

(d) a diagnostic Product that contains or is comprised of one or more Licensed Antibody(ies), and additionally contains or is comprised of one or more other antibodies that are not Licensed Antibody(ies) and/or also includes one or more other patented technology(ies) that is or are royalty-bearing to any Third Party; or

(e) a diagnostic Product that contains or is comprised of one or more Licensed Antibody(ies) that are Optimized Antibody(ies), and additionally contains or is comprised of one or more Licensed Antibody(ies) that are not Optimized Antibody(ies) and/or also includes one or more other patented technology(ies) that is or are royalty-bearing to any Third Party.

1.26 "**Commercially Reasonable Efforts**" means, with respect to a Product, the level of efforts required to carry out a task in a diligent and sustained manner without undue interruption, pause or delay; which level is at least commensurate with the level of efforts that a similarly situated biopharmaceutical company would devote to a product of similar market potential at a similar stage in development or product life, taking into account the following factors: issues of safety and efficacy; the competitiveness of alternative products; the patent or other proprietary position of the Product; pricing and reimbursement; product profile, difficulty in and costs of developing or manufacturing the Product, competitiveness of the Product and alternative Third Party products in the marketplace; the regulatory structure involved in developing and commercializing the product; the potential profitability of the Product marketed or to be marketed; and all other relevant scientific, legal, technical, financial and commercial factors. Commercially Reasonable Efforts shall be determined on a country-by-country basis, and it is anticipated that the level of effort will change over time reflecting changes in the status of the Product and the market involved.

1.27 "**Confidential Information**" has the meaning given in Section 6.1.

1.28 "**Control**" means, with respect to any Know-How or Patent, possession by a Party, directly or through an Affiliate, and whether by ownership or license (other than pursuant to this Agreement) of the ability to grant a license or sublicense or other right as provided for in this Agreement without violating the terms of any written agreement with any Third Party.

1.29 "**Cover**" means, with respect to a particular item and a particular Patent, that such Patent claims or covers, in any of the countries of manufacture, use, and/or sale, (a) the composition of such item, any of its ingredients or formulations or any product containing or that is made using such item (by virtue of such product containing or being made using such item); (b) a method of making or using any of the foregoing things referred to in (a); and/or (c) an item used or present in the manufacture of any of the foregoing things referred to in (a) (for example, with respect to a biologic, any vector, plasmid or cell line used to manufacture such product or item or any ingredient in either of them).

1.30 "**Epitope Patent**" means [***].

1.31 "**Epitope Patent Compensation**" has the meaning given in Section 4.3(g).

1.32 "**Epitope Patent-Only Transaction**" means a [***].

1.33 "**Field**" means all therapeutic, prophylactic and diagnostic uses in humans or animals.

1.34 "**First Commercial Sale**" means, with respect to a Product in any country, the first sale, transfer or disposition for value or for end use or consumption of such Product in such country after Marketing Authorization has been received in such country.

1.35 "**Force Majeure**" has the meaning given in Section 10.7.

1.36 "**Full Payment Term Expiration**" has the meaning given in Section 9.5.

1.37 "**Full Time Equivalent**" or "**FTE**" means the equivalent of a full-time scientist's working days over a twelve (12) month period (taking account of normal vacations, sick days and holidays not being considered working days), which equates to a total of one thousand eight hundred (1,800) hours per twelve (12) month period of scientific work performed by a fully qualified Adimab employee or consultant directly in the Collaboration. To provide an FTE over a given time period that is less than a year means to provide the proportionate share (corresponding to the proportion that such time period bears to a full year) during such time period of a full year's FTE. In no event shall the work over the course of a year of one individual person account for more than one (1) FTE year.

1.38 "**FTE Rate**" means [***] per FTE (or [***] on a quarterly basis).

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1.39 "**Indemnify**" has the meaning given in Section 8.1.

1.40 "**IND**" means an Investigational New Drug application, or similar application or submission to conduct human clinical investigations filed with or submitted to a Regulatory Authority in conformance with the requirement of such Regulatory Authority, and any amendments thereto.

1.41 "**Interest Payment**" has the meaning given in Section 4.9.

1.42 "**Joint Inventions**" means any and [***]. Inventorship for purposes of this definition, and all intellectual property-related definitions in this Agreement, shall be determined in accordance with United States patent law.

1.43 "**Joint Program Antibody Patent**" means any Program Antibody Patent the invention of which is a Joint Invention.

1.44 "**Joint Serendipitous Inventions**" means all Joint Inventions other than those claimed by [***].

1.45 "**Know-How**" means all technical information and know-how, including inventions, discoveries, trade secrets, specifications, instructions, processes, formulae, materials (including cell lines, vectors, plasmids, nucleic acids and the like), methods, protocols, expertise and other technology applicable to formulations, compositions or products or to their manufacture, development, registration, use or marketing or to methods of assaying or testing them or processes for their manufacture, formulations containing them or compositions incorporating or comprising them, and including all biological, chemical, pharmacological, biochemical, toxicological, pharmaceutical, physical and analytical, safety, quality control, manufacturing, preclinical and clinical data, instructions, processes, formula, and expertise that, in each case, is not in the public domain.

1.46 "**License-Competitive Infringement**" has the meaning given in Section 5.7(a)(i).

1.47 "**Licensed Antibody**" has the meaning given in Section 3.2.

1.48 "**Licensed Program Antibody Patents**" means those Program Antibody Patents that Cover any Licensed Antibodies or Products.

1.49 "**Losses**" has the meaning given in Section 8.1.

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1.50 "**Major Market**" means any of the [***].

1.51 "**Marketing Authorization**" means all approvals from the relevant Regulatory Authority necessary to market and sell a product (including a Product) in any country, including a Biologics License Application (BLA) in the U.S.

1.52 "**Multi-Product Deal**" means a Program Transaction in which rights are granted to both (a) one or more Licensed Antibodies and/or Products, and (b) one or more antibodies, drugs and/or products that (i) are not Licensed Antibodies and/or Products, and (ii) are not Program-Benefited Antibodies.

1.53 "**Multi-Product Deal Program Transaction Revenue**" means, in a Multi-Product Deal, the portion of the Program Transaction Revenue for that Multi-Product Deal that is allocated and designated as Multi-Product Deal Program Transaction Revenue as provided in Section 4.3(c).

1.54 "**Net Sales**" means the gross amount invoiced by Alector or its Affiliates, or their Program Transaction counterparties (or their Affiliates) in Program Transactions for which the Royalty Election is made, for the sale, transfer or other disposition of Product to other Third Parties (in final form for end use or in whatever form is sold to Third Parties who are not Program Transaction counterparties (or their Affiliates)), less any of the following applicable deductions to the extent actually granted and included in the invoiced amounts:

(a) normal, customary trade discounts (including volume discounts), credits, chargebacks, rebates, and allowances and adjustments for rejections, recalls, outdated products, and returns, in each case whether voluntary or required;

(b) freight, shipping, and insurance;

(c) sales, use, excise, value-added and similar customs, taxes, tariffs or duties and other governmental charges imposed on such sale, transfer, or other disposition (but in no case taxes on income);

(d) credits actually given or allowances actually made for wastage replacement, Medicare/Medicaid rebates, indigent patient and similar programs to provide Product for free; or

(e) amounts written off by reason of uncollectible debt solely with respect to payments payable for Product to the extent consistent with Accounting Standards, as determined on a country-by-country basis, but such deduction for uncollectible debt shall not to exceed two percent (2%) of gross amounts invoiced country-by-country in any twelve (12) month period.

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Even if there is overlap between any of deductions (a) - (e), each individual item shall only be deducted once in each Net Sales calculation.

Net Sales calculated as described above shall be adjusted for Combination Products, as provided in Section 4.5(d). The same adjustment shall be applied to product bundles (in the countries where bundling is permitted under anti-trust law, if any).

Net Sales excludes amounts from sales or other dispositions of Product between Alector and any of its Affiliates, and Program Transaction counterparties (and their Affiliates), solely to the extent that such entity purchasing a Product either (a) resells such Product to another Third Party not Affiliated with any of them and such resale is included in Net Sales, or (b) the quantities are for use to be provided free to patients in a Product clinical trial.

1.55 "**Non-Affiliate Investor**" has the meaning given in Section 1.10.

1.56 "**Optimization Research Program**" means any Research Program that Alector and Adimab have designated as such, in writing, with a corresponding Research Plan, as mutually agreed upon in accordance with the governance provisions provided for in Section 2 herein.

1.57 "**Optimized Antibody**" means Program Antibodies or Program-Benefited Antibodies arising out of an Optimization Research Program or that are otherwise identified, generated or discovered by Adimab using an antibody within the Alector Materials. For clarity, if under an Optimization Research Program, Alector provides to Adimab an antibody which is not itself a Program Antibody, then (i) such antibody will not become a Program Antibody (or Optimized Antibody) or Program-Benefitted Antibody as a result of having been used in such Optimization Research Program, (ii) Alector shall be free to independently optimize such antibody (whether or not the Optimization Research Program is happening in parallel) and the antibodies resulting from such independent optimization without use of Adimab Confidential Information shall not be Program Antibodies (or Optimized Antibodies) or Program-Benefitted Antibodies, and shall not be deemed to have been developed by Alector in the course of the Collaboration, and (iii) the antibodies that result from the Optimization Research Program will be Optimized Antibodies (and therefore, Program Antibodies).

1.58 "**Option**" has the meaning given in Section 3.2.

1.59 "**Option Evaluation Period**" means, with respect to a particular Research Program for a Target and the Program Antibodies to such Target generated in performing such Research Program, the period commencing with the first day of the applicable Option Term and ending on the earlier of (a) the date of Option exercise or (b) the expiration the Option Term.

1.60 "**Option Term**" means, for each Research Program, the time period beginning at the end of the Research Term for that Research Program, and continuing for [***] months thereafter.

1.61 "**Paid/Achieved Event**" has the meaning given in Section 4.8.

1.62 "**Party**" means Adimab or Alector.

1.63 "**Patent**" means any patent application or patent anywhere in the world, including all of the following kinds: provisional, utility, divisional, continuation, continuation-in-part, and substitution applications; and utility, re-issue, re-examination, renewal and extended patents, and patents of addition, and any Supplementary Protection Certificates, restoration of patent terms and other similar rights.

1.64 "**Payment Patent**" means any (a) Licensed Program Antibody Patent (to avoid doubt these by definition are not directed to Broad Target/Non-CDR Antibody Invention(s) or Broad Target/Non-CDR Antibody Patent(s), unless covered by the next clause (b)), and (b) Epitope Patents.

1.65 "**Phase I Trial**" has the meaning given in Section 4.8.

1.66 "**Phase II Trial**" has the meaning given in Section 4.8.

1.67 "**Product**" means any device, biologic or drug (or investigational device, biologic or drug) for use in the Field that contains one or more (a) Licensed Antibody(ies), or (b) modified or derivative form of any Licensed Antibody, including any: (i) fragment of a Licensed Antibody, (ii) pegylated version (whether or not associated with amino acid changes) of a Licensed Antibody, (iii) otherwise chemically modified versions (including amino acid substitutions to implement or associated with the chemical modification) of a Licensed Antibody, and (iv) version of such antibody with a wholly or partially different Fc or constant region.

Products include Combination Products; *provided*, *however*, that this inclusion shall not be read to provide a license for any antibody or other active ingredient or component in a Combination Product that is not a Licensed Antibody, under independent intellectual property (including Patents and Know-How) of Adimab or its Affiliate Covering or with respect to such antibody or other ingredient on a stand-alone basis apart from its inclusion in the Combination Product. The same principle shall apply to exclude proprietary devices and diagnostic methods of Adimab and its Affiliates that do not constitute Adimab Platform/Background Patents and are not Program Inventions.

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1.68 "**Program Antibody**" means each antibody identified and delivered by Adimab to Alector under a Research Program. For this purpose, "delivery" will occur through Adimab providing quantities of the antibody itself (in sufficient amount to conduct cell based assays), and disclosing to Alector the nucleic acid sequence coding for such antibody. "Sequence" of a Program Antibody refers interchangeably, and throughout this Agreement, to the amino acid sequence of such antibody and any nucleic acid sequence coding for it.

1.69 "**Program Antibody CDR-Specific Claims**" has the meaning given in Section 1.15.

1.70 "**Program Antibody Patents**" means Program Patents that (a) Cover a Program Antibody or product containing a Program Antibody; (b) do not Cover Adimab Platform/Core Technology Improvements or Broad Target/Non-CDR Antibody Inventions; and (c) are not Broad Target/Non-CDR Antibody Patents. Patents that constitute Antibody Sequence Coverage are a subset of Program Antibody Patents hereunder, but those Patents that constitute Antibody Sequence Coverage may be treated differently hereunder.

1.71 "**Program-Benefited Antibody**" has the meaning given in Section 3.5(a).

1.72 "**Program Inventions**" means any invention that is conceived and/or first reduced to practice in whole or in part by employees, contractors or agents of either Party or of both Parties in the course of the Collaboration or the evaluation of a Program Antibody during the applicable Option Evaluation Period.

1.73 "**Program Know-How**" means all Know-How made, developed, invented or discovered by employees, contractors or agents of either Party or of both Parties in the course of the Collaboration or the evaluation of a Program Antibody during the applicable Option Evaluation Period, excluding Program Inventions claimed in any Program Patent that has published or issued.

1.74 "**Program Patent**" means any Patent claiming a Program Invention.

1.75 "**Program Trade Sale Proceeds**" means the amount of money in an Alector Change of Control allocated to [***].

1.76 "**Program Transaction**" means any and all agreements, transactions or arrangements that include a grant by Alector or its Affiliate(s) to any Third Party of rights of any kind with respect to any Payment Patent(s), Licensed Antibody(ies) and/or Product(s), regardless of the form of transaction, including asset sales, assignments, licenses, covenants not to sue, grants of distribution rights, Subsidiary Trade Sales and options for any of the foregoing. Program Transactions exclude (a) an Alector Change of Control and any such transactions entered into by Alector or its successor

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after, and that do not form any part of (i.e. do not form part of a series of transactions constituting), an Alector Change of Control, and (b) agreements with contract manufacturing organizations (CMOs), contract research organizations (CROs), academic research organizations (AROs) and other contractors, or academic, non-profit or governmental entities, in each case where (1) the agreement counterparty is performing services for or collaborating with Alector or its Affiliates and the counterparty and its Affiliates are not granted any commercialization rights of any kind with respect to any Payment Patent(s), Licensed Antibody(ies) and/or Product(s) (including options for commercial rights) (whether pursuant to the same or under a different agreement) and (2) no material revenue will be received by Alector or any of its Affiliates.

If multiple related or reasonably contemporaneous agreements, transactions or arrangements with any given Third Party (or set of related or affiliated Third Parties) are entered into by Alector or its Affiliate (or any combination of them), and one such agreement, transaction or arrangement would alone be a Program Transaction, then all such related or reasonably contemporaneous agreements, transactions or arrangements shall together be considered a single Program Transaction, although, for clarity, such Program Transaction may be treated as a Multi-Product Deal hereunder, if applicable. As a non-limiting example, if Alector were to enter into one agreement with a Third Party for a commercialization license for a Licensed Antibody under Licensed Program Antibody Patents, another agreement with that Third Party with respect to clinical data generated by or for Alector with respect to a Licensed Antibody Covered by such Patents, a further agreement with such Third Party for other antibodies or small molecules acting via the same Target, and another agreement with an affiliate of that Third Party for Target-related intellectual property on that same Target, then all four agreements together constitute a single Program Transaction for purposes of this Agreement, including for purposes of the definition of Program Transaction Revenue associated with such Program Transaction, and such Program Transaction would be treated as a Multi-Product Deal. As another non-limiting example, this includes a Multi-Product Deal (although, for clarity, there is a special Program Transaction Revenue determination for Multi-Product Deals set forth in Section 4.3(c)).

1.77 "**Program Transaction Revenue**" means all consideration (including monetary and non-monetary consideration in all forms other than not-readily-monetizable covenants that are customary in out-licensing deals in which the out-licensor is not obtaining rights to any unrelated intellectual property or products of the licensee, as further described in the last paragraph of this definition) actually received by Alector or its Affiliate or shareholders in either of them, from any Third Party in connection with a Program Transaction, excluding only:

(a) research and development reimbursement for research and development to be performed after the date of the Program Transaction, accounted for at reasonable and customary rates, on a full time equivalent basis (any excess over a reasonable and customary FTE rate is included in Program Transaction Revenue) or in the form of external costs billed through on a pass-through basis with no markup;

(b) reimbursement of patent expenses on a pass-through basis with no markup (to avoid doubt, this explicitly excludes payments to Adimab under Article 4);

(c) payments for equity of Alector to the extent at fair market value (the amount of any premium is included in Program Transaction Revenue);

(d) proceeds of repayable loans that are not forgiven (if later forgiven, the amount of the forgiven debt is included in Program Transaction Revenue);

(e) payments for supply of Product to the extent at Alector's (or its Affiliate's) fully burdened manufacturing cost (any excess over the fully burdened cost is included in Program Transaction Revenue);

(f) research and development funding from governmental or non-profit entities to the extent required to be spent on research and development occurring after the date the Program Transaction is signed

(g) milestone amounts paid to Alector that Alector will pay to Adimab under Section 4.8.

Other than in the case of a Multi-Product Deal (which shall be handled as provided for in Section 4.3(c), as applicable), there shall be no adjustment, proportionality or scaling of any kind to or of Program Transaction Revenue for the inclusion, in addition to Program Know-How or Licensed Program Antibody Patents, of other intellectual property or rights in the Program Transaction (e.g., clinical data or trademarks in addition to Licensed Program Antibody Patents); *provided, however*, that in the case of a Combination Product, the allocation of Program Transaction Revenue shall be subject to further potential adjustment under Section 4.3(c).

If Alector receives Program Transaction Revenue in a form other than immediately available funds (for example, in equity of a Third Party), then Adimab shall receive its share of the Program Transaction Revenue in the same forms and in the same proportions as does Alector (i.e., Adimab will receive its share in the same mix of immediately available funds and in-kind consideration as Alector), or if the Parties agree on a case-by-case basis that such an in-kind distribution is not practical, then Alector shall pay Adimab's share, calculated based on the fair market value of such in-kind consideration, in cash or wire transfer of immediately available funds. If the Parties do not agree that the in-kind distribution is not practical, then Adimab shall have the right to decline and forgo its share of in-kind consideration on a case-by-case basis. For clarity, if Program Transaction Revenue is subject to increase by contingent payments related to future events and/or release of escrowed amounts, such increased amounts shall be included as Program Transaction Revenue only as and when such payments are received by Alector (or its Affiliate or shareholders in Alector or its Affiliates).

The following types of consideration in a Program Transaction are not considered and shall be deemed excluded from Program Transaction Revenue: covenants of diligent development and commercialization; representations and warranties; confidentiality and non-use commitments; customary indemnification provisions; reversionary rights to the licensed products in case of agreement termination (in whole or in part); grantbacks of intellectual property with respect to the

licensed product or a field, for a retained territory or otherwise; operational commitments (e.g., to provide reports, to participate in joint committees, etc.); and similarly non-monetizable covenants that are customary in out-licensing transactions in which the out-licensor is not obtaining rights to any unrelated intellectual property or products of the licensee – and to avoid doubt explicitly excluding product quids.

1.78 "**Purpose**" has the meaning given in Section 6.1.

1.79 "**Regulatory Authority**" means the FDA or any counterpart of the FDA outside the United States.

1.80 "**Related Parties**" has the meaning given in Section 4.12(a).

1.81 "**Research Committee**" has the meaning given in Section 2.1(a).

1.82 "**Research Overview**" means the diagram attached at Exhibit A.

1.83 "**Research Plan**" means the research plan set forth in Exhibit B, or any research plan providing for a program of research that the Research Committee may finalize and the Parties approve in writing as provided for in Section 2.2. It is anticipated that there may ultimately be [***] Research Plans under the Collaboration, but the final number of Research Plans is not currently known. The Research Plan of Exhibit B is "Research Plan 1." All subsequent Research Plans will be numbered consecutively. All Research Plans shall comply with the applicable requirements stated in Section 2.2.

1.84 "**Research Program**" means a program of research conducted under this Agreement in accordance with a Research Plan. Research Program 1 is the program of research under Research Plan 1. Each Research Program shall have the same number as the Research Plan to which it corresponds.

1.85 "**Research Term**" means, for each Research Program, the period beginning when Alector first delivers Alector Materials under such Research Program to Adimab, and ending when Adimab completes the activities called for under the Research Plan for that Research Program.

1.86 "**Revenue Election**" has the meaning given in Section 4.3(a)(i).

1.87 "**Royalty Election**" has the meaning given in Section 4.3(a)(ii).

1.88 "**Royalty Term**" has the meaning given in Section 4.5(b).

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1.89 "**Senior Executives Discussions**" has the meaning given in Section 10.2(a).

1.90 "**Specific Sequence Information**" has the meaning given in Section 3.5(a).

1.91 "**Start Date**" means the date that Adimab designates in writing to Alector as the date upon which the Adimab campaign team will start the first Research Program under this Agreement. Adimab shall provide this written designation to Alector within two (2) weeks after the Effective Date.

1.92 "**Subject Antibody Library**" has the meaning given in Section 2.9.

1.93 "**Subsidiary Trade Sale**" means, with regard to any subsidiary Affiliate of Alector that does not hold or have the right to obtain all or substantially all of the Undesignated Rights under this Agreement, any transaction, or series of related transactions, that would constitute an Alector Change of Control if the name of the subsidiary Affiliate was substituted for the name of Alector in the definition of Alector Change of Control. For clarity, Subsidiary Trade Sales are Program Transactions.

1.94 "[***]" shall mean, for each Research Program, the criteria set forth in the applicable Research Plan for the characteristics that are being sought in the Program Antibodies to the corresponding Target, as a group. [***] may be defined with respect to a population of antibodies, such that some specified number (less than all) of the Program Antibodies delivered by Adimab may be required to meet different criteria], and in that case if the population of Program Antibodies collectively [meet those criteria (by the minimum numbers of individual antibodies meeting different of the articulated criteria) set forth in the applicable Research Plan), then [***] shall be deemed met. For clarification, when applicable, a single given antibody will have to fulfill multiple previously agreed upon [***]. Two antibodies, one of which fulfills affinity criteria and the other of which fulfills epitope binding domain criteria, will not together be deemed to fulfill the [***] of a given Research Plan if such [***] included the identification of a single antibody with a given affinity and a given binding epitope.

1.95 "**Tail Period**" means the [***] months beginning at the end of the Target Nomination Period.

1.96 "**Target**" means the disease-related biological target of interest to Alector that is specifically identified in Research Plan 1, or the disease-related biological target of interest to Alector that is specifically identified in any subsequent Research Plan. Different epitopes on or serotypes of the same molecule that is a biological target of interest will not be deemed to be different Targets, and Target shall be defined by reference to entire molecules rather than individual serotypes/epitopes (although activities may be focused on specific serotype/epitopes).

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1.97 "**Target Nomination Period**" means the period beginning on the Effective Date and ending on [***].

1.98 "**Territory**" means worldwide.

1.99 "**Third Party**" means an entity other than a Party or the Affiliate of a Party.

1.100 "**Third-Party Claims**" has the meaning given in Section 8.1.

1.101 "**Undesignated Rights**" means those commercial rights in and to a Licensed Antibody (and/or the Products comprised of such Licensed Antibody) as to which [***].

1.102 References in the body of this Agreement to "Sections" refer to the sections of this Agreement. The terms "include," "includes," "including" and derivative forms of them shall be deemed followed by the phrase "without limitation" regardless of whether such phrase appears there (and with no implication being drawn from its inconsistent inclusion or non-inclusion).

1.103 To avoid doubt, the term "antibody" as used everywhere else in this Agreement includes both full-length antibodies, fragments thereof, and chemically modified versions thereof (including pegylated versions and regardless of whether containing amino acid substitutions), all of the foregoing whether naturally occurring, artificially produced, raised in an artificial system, or created through modification of an antibody produced in any of the foregoing ways or otherwise.

ARTICLE 2

PROGRAM.

2.1 Scientific Research Committee.

(a) Research Committee. Promptly after the Effective Date, the Parties shall form a steering committee consisting of two (2) representatives from each Party (the "**Research Committee**"). Either Party may change its Research Committee members upon written notice to the other Party.

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(b) Meetings. The Research Committee shall hold its first meeting within [***] after the Effective Date. Thereafter, it shall meet from time to time promptly after the date of a written request by either Party, and in any event no less frequently than quarterly during the Collaboration Term. The Research Committee may meet in person or by teleconference or videoconference. Each Party shall designate one of its Research Committee members as co-chair. The co-chairs shall be responsible to circulate a written agenda in advance of each Research Committee meeting. The co-chairs shall be responsible to circulate, finalize and agree in writing on minutes of each meeting within [***] after the meeting date. Each Party shall be entitled to have a reasonable number of its employees and consultants who are not Research Committee members attend Research Committee meetings from time to time; *provided*, *however*, that such employees and consultants are subject to written confidentiality and non-use obligations that are no less stringent than the confidentiality obligations and restrictions on use set forth in Article 6.

(c) Responsibilities. The Research Committee's role is to (i) facilitate communication regarding progress and results under the Collaboration and as to individual Research Programs; (ii) review and discuss reports provided by each Party; (iii) be the working group that will prepare and finalize new proposed research plans for approval by each Party; (iv) prioritize among Research Programs (including terminating or postponing Research Programs); (v) discuss and approve any research to be performed by or in collaboration with a Third Party that is primarily in the commercial antibody discovery business (as described in Section 2.8(c)), if approved by Adimab in its sole discretion; (vi) recommend to Alector additional research activities not described in a Research Plan that Alector may, in its sole discretion, authorize Adimab to perform; and (vii) perform such other activities as the Parties agree in writing shall be the responsibility of the Research Committee.

(d) Decision-Making. Day-to-day Research Program management and implementation shall be the responsibility of the Parties' respective technical teams as regards each Party's Research Program responsibilities. The Research Committee shall have the limited authority to (i) amend each Research Plan in a manner not substantially affecting resources required to perform such Research Plan or [***] or altering timing for performance in a way that consumes fewer FTEs than scheduled unless Adimab consents in writing in its sole discretion or receives no less than [***] notice prior to the FTE reduction (in the latter case, subject always to and without altering the minimum FTE funding requirements in Section 4.2), and (ii) prioritize among Research Programs (including terminating or delaying Research Programs), subject always to the same notice requirements prior to reducing FTEs as set forth in subsection (i). Except for the limited authority set forth in the foregoing sentence, the Research Committee shall not have any decision-making authority and the Research Committee shall have no power to amend or waive compliance with this Agreement or any Research Plan. Decisions within the purview of the Research Committee shall be made by the Research Committee by consensus, with the representatives of each Party collectively having one vote on behalf of such Party. For each meeting of the Research Committee, at least one

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(1) representative of each Party shall constitute a quorum. If the Research Committee is unable to reach a consensus with respect to a dispute within its purview (to avoid doubt, general contractual disputes and disputes as to any decisions reserved to a Party shall not be deemed to be within the Research Committee's purview), then the dispute resolution provisions of Section 10.2(a) shall apply; *provided*, *however*, that (x) disputes regarding new research plans shall be resolved as set forth in Sections 2.2(e) and (f); (y) Alector shall have final decision-making authority regarding the prioritization of Research Programs (including terminating or postponing Research Programs (subject to the notice and FTE funding qualifications described in clauses (i) and (ii) above in this paragraph)); and (z) other than a dispute as to whether each Party has acted in good faith and in accordance with this Agreement in its participation in the Research Committee, disputes of the Research Committee not resolved by the Senior Executives Discussions under Section 10.2(a) shall not be justiciable and (absent such a failure to act in good faith and in accordance with this Agreement) shall not be litigated, and the disputed Research Committee decision not falling within (x) or (y) and not resolved under (z) shall simply not be taken.

2.2 Addition of New Targets and Research Plans/Programs.

(a) Multiple Targets/Programs at Signing, and Likelihood of More. The Parties wish to engage in the Collaboration, consisting of multiple Research Programs. The complete details have been agreed as to multiple Research Plans and Research Programs as of signing, and the Targets for these Research Programs have been determined. It is anticipated that additional Targets will be added by Alector to the Collaboration, consistent with the Research Overview and the procedures provided in this Section. For clarity, Alector may select additional Targets that are not listed in the Research Overview and for further clarity, Adimab may decline, in its sole discretion, to do a Research Program that involves humanizing/optimizing antibodies which Alector provides as Alector Materials.

(b) Selection/Notice by Alector. During the Target Nomination Period, Alector shall have the right to propose new biological targets that it wishes to add to the Collaboration as Targets, by written notice to Adimab. Such written notice may be (but is not required to be) included in one of Alector's regular reports under Section 2.5(c) or in a written request for a Research Committee meeting. Adimab has no right to reject proposed Targets for reasons other than technical feasibility.

(c) Questionnaire and Drafting Process. Promptly after Alector's notice, Alector shall fill out and send to Adimab the Research Program Questionnaire (the form of which is attached as Exhibit C), as well as a draft research plan (or, if the notice does not include a draft research plan, then Adimab shall provide the first draft of the research plan based on the input from the Research

Program Questionnaire). Promptly after Adimab receives the completed Research Program Questionnaire and draft research plan from Alector (within [***]), Adimab shall review the Research Program Questionnaire and draft research plan and shall provide Alector with any comments or questions, which will form the basis for a Research Committee meeting. If the Research Committee approves the general research plan concept, the Research Committee shall designate a working group consisting of the technical teams of both Parties that shall finalize the Research Plan within a period of no longer than [***]. The Parties shall work together collaboratively (through the Research Committee and otherwise) to revise and reach consensus on the plan.

(d) Required Content in Each Proposed Research Plan. Each proposed research plan shall comply with all of the following:

(i) The plan shall clearly identify the Target for which Alector provided its notice, in a manner consistent with the definition of Target.

(ii) The plan shall clearly identify [***] for the applicable Target. If applicable, it shall additionally distinguish the criteria that serve contractually as requirements to meet the [***] for purposes of this Agreement, from other criteria (if any) that are desired characteristics but are not required to be met in order for the [***] to be achieved in the applicable Research Program for purposes of this Agreement (i.e., required versus preferred characteristics).

(iii) The plan shall describe the Alector Materials to be provided.

(iv) The plan shall describe the Adimab deliverables in reasonable detail.

(v) The plan shall describe a timeline for (w) delivery of the Alector Materials to Adimab, (x) commencement of Adimab's work under the plan, (y) delivery by Adimab of Adimab's deliverables under the plan, and (z) if applicable, any "optional" research activities of Adimab under the plan, described below.

(vi) The plan shall describe any research to be performed by or in collaboration with a Third Party that is approved as described in Section 2.8(c).

The plan may also include additional research activities that Alector may, in its sole discretion, authorize Adimab to perform. Such additional research activities shall be identified as "optional" in the Research Plan, and shall only be performed by Adimab if so authorized by Alector in writing. For example, if a Research Plan stage is delayed because required Alector Materials are not available, Alector may authorize Adimab to undertake some or all of the "optional" research activities described in one or more Research Plans.

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(e) Process Timeline and Approval Process. The process at the Research Committee level is intended to take about [***]. Once consensus has been reached at the Research Committee level, the proposed research plan, along with a written estimate of the FTEs required to perform Adimab's responsibilities under each stage of the plan, shall be sent by the Research Committee for formal approval within each Party. Each Party shall respond in writing with its approval of the plan, or with any concerns, within [***]. Neither Party shall unreasonably withhold, delay or condition its approval to a proposed plan that is consistent with the standards above (at either the Research Committee consensus or the approval-by-the-Parties stage). If a Party does not approve the proposed final plan, it shall provide a reason in writing and the Research Committee shall seek in good faith to find a solution, revise the plan, and resubmit for formal approval within [***]. The plan shall become a Research Plan under this Agreement, and if applicable, the target that it identifies shall become a Target under this Agreement, when an officer for each Party signs an approval letter approving the final plan.

(f) Escalation in Case of Failure to Reach Consensus. If the Research Committee is unable to reach consensus on a new research plan (either initially or after an initial plan is sent for approval but rejected by either Party), then either Party may refer the matter for further discussions by an officer or director of each Party, who is not an officer or director of and does not have (or represent a fund that has) an equity or debt interest in the other Party, directly or indirectly. Each Party shall be entitled to select its representative and shall make such representative reasonably available for discussions and seek in good faith to resolve the dispute over a period not longer than [***]. In the absence of consensus, the proposed plan shall not be a Research Plan under this Agreement, but a Party shall be entitled to proceed to further escalation and dispute resolution under Section 10.2(a) regarding the issue of whether the other Party has unreasonably withheld, delayed or conditioned its approval of the proposed research plan as a Research Plan.

2.3 Research Program Performance. Each Party shall use its reasonable efforts to carry out the Research Program activities assigned to such Party in each Research Plan, on the applicable timeline set forth in such Research Plan. Adimab shall deliver to Alector the Program Antibodies and all other deliverables described in each Research Plan in accordance with the timetable set forth therein, but no later than the end of the applicable Research Term, unless an Alector re-prioritization of Research Programs results in a different timeline; *provided*, *however*, that Adimab shall use its reasonable efforts to not provide sequence information for any particular Adimab Materials until Alector requests such information in writing; *provided*, *further*, that Alector acknowledges that such a requirement is outside of Adimab's normal processes and that in the event

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that Adimab does send sequences (whether or not so requested in writing), such sequences shall be the Confidential Information of Adimab and otherwise treated identically to all other sequences sent to Alector hereunder. Adimab's performance obligations under each Research Plan shall be contingent upon Alector providing the Alector Materials set forth in such Research Plan and the FTE funding as provided in this Agreement, and shall expire at the end of the Research Term. Alector's performance obligations relating to testing of Program Antibodies under a Research Plan are contingent upon Adimab providing the Program Antibodies as detailed in the Research Plan that collectively meet the applicable [***].

2.4 Collaboration FTE Commitments.

(a) FTE Commitment. Upon completion of a Research Plan, Adimab shall use Commercially Reasonable Efforts to commence the Research Program as promptly as practicable, taking into account the availability of Adimab researchers. No later than three (3) months prior to the expiration of the Target Nomination Period, Alector shall notify Adimab in writing of those Research Programs that Alector elects (in its sole discretion) to pursue during the Tail Period (or any portion thereof) and Adimab will provide Alector with a schedule of the FTE usage required by Adimab to continue such Research Programs during the Tail Period, which schedule will be based on the then-current Research Plan for such Research Programs. If Alector so elects, during the Tail Period Adimab will devote the number of FTEs set forth on such schedule. Adimab shall not be required during the Target Nomination Period or during the Tail Period to devote any FTEs to performing Research Programs, other than FTEs funded by Alector under Section 4.2.

(b) Funding. Alector is responsible to fund the FTEs devoted by Adimab to the Collaboration as set forth in Section 4.2. In no event shall Alector be required to fund more than [***] during the Target Nomination Period unless agreed to by Alector in writing. For clarity, an e-mail from Alector explicitly authorizing such additional work shall be deemed to be "in writing" for these purposes.

(c) [***]. During the [***] and for a period of [***], the [***] whom Adimab has designated as the [***] for a given Research Program shall not [***] to the corresponding [***] using [***] for Adimab or its Affiliates (whether for their own account or on behalf of any Third Party). It is understood and agreed that if such [***] is no longer in Adimab's or its Affiliate's [***], then [***] activities for [***] are beyond the scope of (and are not [***] under) the foregoing sentence.

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2.5 Records and Reports.

(a) Records. Each Party shall maintain scientific records, in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, which shall fully and properly reflect all work done and results achieved in the performance of the Collaboration. All such records and the information disclosed therein shall be maintained in confidence in accordance with Article 6 to the extent reflecting Confidential Information of the other Party. Adimab shall not be required to disclose Adimab Platform/Core Technology to Alector, even if reflected in such records.

(b) Reports By Adimab. At the junctures specified in each Research Plan, Adimab shall provide written reports to Alector of the Program Antibodies Adimab has identified under that Research Plan, any information with respect to them that such Research Plan provides for Adimab to disclose, and any Program Know-How or Program Inventions owned by Alector based on the terms hereof. Adimab shall not be required to disclose any Adimab Platform/Core Technology to Alector.

(c) Reports By Alector. During the Research Term at the junctures set forth in the Research Plan, and then semi-annually throughout the term of the applicable Option and for so long as Alector or any of its Affiliates, successors, licensees or sublicensees continue to generate or test any Program-Benefited Antibodies, Alector shall provide written reports to Adimab. Alector's reports shall provide any Program Know-How developed by Alector in the applicable Research Program that Alector is required to provide under the Research Plan, and shall disclose all Program-Benefited Antibodies since the date of the last report. Such reports and their contents are Confidential Information of Alector (except to the extent that Alector includes any Adimab Confidential Information in the reports).

2.6 Use of Adimab Materials. Alector shall not use Adimab Materials in any way outside of the Research Program or other than pursuant to the licenses granted under this Agreement while such licenses are in effect. Among other things, this means that, except under the applicable Research Program as outlined in the applicable Research Plan or pursuant to such licenses, or as otherwise expressly provided in this Agreement (for example, the limited exceptions in Section 3.5 below), Alector shall not: (a) provide Adimab Materials to any Third Party (except permitted Third Party contractors and collaborators as described in Section 2.8), (b) sequence or modify the Adimab Materials, or (c) use sequence information regarding, or quantities of, Program Antibodies or Adimab Materials for any purpose other than to research, develop and commercialize Program-Benefited Antibodies pursuant to Section 3.5.

Adimab retains title to the Adimab Materials, including all quantities of Program Antibodies that it provides under the Collaboration. Unless Alector exercises an Option with respect to such Program Antibodies, such quantities of Program Antibodies are for use solely in assessing whether to exercise the Options. Such quantities shall not be used in humans or in antibody discovery research to screen for or discover other antibodies; *provided*, *however*, that Alector may use such quantities to compare the performance of Program Antibodies in various assays against other

Program Antibodies, benchmark research antibodies, benchmark commercial antibodies, or any other agent, including small molecules and biological agents (including antibodies), all of which prior to the comparison to Program Antibodies have previously been identified as having activity against, binding to, agonizing, antagonizing or inhibiting the applicable Target (*provided*, *however*, that negative controls already identified as such are permitted to be used). Unless Alector exercises the applicable Option, on expiry of the applicable Option Term, or earlier termination of this Agreement, Alector shall return to Adimab or destroy the remaining quantities of Program Antibodies provided by Adimab under the applicable Research Program, if Adimab requests in writing. Without limiting the generality of the foregoing, Alector shall not provide Program Antibodies to Third Parties who are in the commercial antibody discovery business, except as provided in Section 2.8(b) or the last sentence of Section 2.8(c).

2.7 Use of Alector Materials. Adimab shall not use Alector Materials in any way other than to perform Adimab's obligations under a Research Program or pursuant to the license granted under this Agreement while such license is in effect. Adimab shall not transfer the Alector Materials to any Third Parties or outside of Adimab.

Alector retains title to the Alector Materials, including all quantities of antigens that it provides under the Collaboration. Upon expiration of the Research Term for each Research Program, or earlier termination of this Agreement, Adimab shall return to Alector or, if requested by Alector in writing, destroy the remaining quantities of Alector Materials provided for use in such Research Program.

2.8 Third Party Contractors and Collaborations. The following provisions of this Section 2.8 will not apply to Program Transactions and any Third Parties involved therewith (including any Affiliates of any such Third Parties), before or after Option exercise, nor to any Licensed Antibodies, Program-Benefited Antibodies or Products after Option exercise:

(a) Fee-for-Service Contractors. Alector may utilize the services of Third Party fee-for-service organizations, at its sole discretion except as provided in Section 2.8(c), to perform its obligations under the Collaboration and to perform research in order to evaluate Program Antibodies in order to determine whether to exercise one or more Options under this Agreement. Alector's agreement with any such Third Party shall be consistent with the applicable terms of this Agreement (including Section 2.6), provide Adimab the same rights under this Agreement as if Alector had done the work itself, and include confidentiality and nonuse provisions that are no less stringent than those set forth in Article 6 of this Agreement.

(b) Collaborators. The Parties agree that it may be necessary or useful for Alector to enter into collaborations with Third Parties which are not fee-for-service contractors (as described in Section 2.8(a) above), which are not primarily in the commercial antibody discovery business, and which provide services and/or Know-How and other intellectual property that are necessary or useful for Alector to perform its obligations under the Collaboration and/or to evaluate Program Antibodies in order to determine whether to exercise one or more Options under this Agreement. Alector's agreement with any such Third Party shall contain (i) restrictions on the use

of Adimab Materials consistent with Section 2.6 (including the prohibition on using Program Antibodies in screening), (ii) confidentiality and non-use provisions that are no less stringent than those set forth in Article 6 of this Agreement, and (iii) provisions that ensure that any and all data and results arising out of the Third Party collaboration may be provided to Adimab as and to the extent contemplated under this Agreement. Alector shall use commercially reasonable efforts to ensure that it obtains the right to assign, license or sublicense to Adimab any intellectual property rights arising out of the Third Party collaboration that constitutes an Adimab Platform/Core Technology Improvement, or, if it believes it will not be practicable to obtain such right to assign, license or sublicense to Adimab, then Alector shall not disclose or transfer to the applicable Third Party (x) any Adimab Confidential Information other than Program Antibody sequences or (y) any Adimab Materials other than Program Antibody samples.

(c) Commercial Antibody Discovery Businesses. In the event that a research arrangement is contemplated by Alector that would be with a Third Party that is primarily in the commercial antibody discovery business but not a collaborator as described in Section 2.8(b) above, in connection with the Collaboration or to evaluate Program Antibodies in order to determine whether to exercise one or more Options under this Agreement, Alector will contractually ensure that Program Antibody samples provided to such contract research organizations will be used solely in testing that does not involve using the Program Antibodies in screening for the activity or interaction of other antibodies via or with the applicable Target, even if the contract research organization may perform antibody discovery activities in unrelated work for Third Parties; *provided, however*, that the arrangements with the contract research organization are otherwise fully in compliance with Section 2.8(a). For clarity, it is the intention of the Parties that a Third Party that is primarily in the commercial antibody discovery business shall not have the advantages or benefits of Adimab Confidential Information, Adimab Materials or Program Antibodies in performing antibody discovery and optimization services, apart from the Collaboration or to evaluate Program Antibodies.

2.9 Non-Exploitation of Program Antibodies by Adimab (Unless Independently Discovered) At All Times. Unless independently rediscovered in full compliance with Section 2.4(c) and without the use of (a) Alector Materials, (b) Confidential Information of Alector (subject to Section 6.2(e) regarding independent development of such information), (c) any antibody library that is (A) used in a Research Program for a Target for Alector and (B) used for initial screening in antibody discovery to discover potential Program Antibodies (in contrast to any antibody library used to optimize any antibodies discovered from any such initial screening) (any such antibody library satisfying clause (A) and (B), a "**Subject Antibody Library**") or any antibodies identified therefrom (including Program Antibodies), or any of their partial or whole sequences, or (d) any Program Inventions or Program Know-How to the extent solely owned by Alector based on the terms of this Agreement (subject to Section 6.2(e)), Adimab and its Affiliates shall not (i) provide the Program Antibodies or their (partial or whole) sequences to any Third Party at any time, or any other antibody or their (partial or whole) sequences identified from any Subject Antibody Library, or (ii) use the Program Antibodies, any other antibody identified from any Subject Antibody Library, or any of their (partial or whole) sequences to research, develop, manufacture or

commercialize biologic or drug products in the Field for Adimab, its Affiliates or for any Third Parties, or (iii) perform any research, discovery or development using any Subject Antibody Library (other than under this Agreement), or provide (by any means, such as sale, license or transfer), any Subject Antibody Library (or any portion thereof) to any others. This clause is in no way intended to limit Adimab's ability to transfer (including licensing) its Adimab Platform/Core Technology (including antibody libraries) to other entities or for those entities to use the Adimab Platform Technology (including antibody libraries), subject to the restrictions above regarding any Subject Antibody Library (in whole or in part) and antibodies identified therefrom (including Program Antibodies), or any of their partial or whole sequences. Adimab is not under any circumstances required by this Agreement to remove or screen out any antibodies (or coding sequences) from its antibody (or coding sequence) libraries, but is limited with respect to any Subject Antibody Library as provided above. Adimab may independently regenerate such coding sequences without use or reference to the Program Inventions and/or Program Know-How or any Subject Antibody Library, other than any Adimab Platform/Core Technology Improvements (which nothing in this Agreement shall be read to restrict Adimab from using). In the case of independent rediscovery as provided in the first sentence of this Section, Adimab shall be unrestricted in its use of and ability to provide the applicable independently rediscovered and/or independently regenerated antibodies to others.

ARTICLE 3

LICENSES; OPTION; DEVELOPMENT & COMMERCIALIZATION

3.1 Mutual Research Program Licenses.

(a) To Alector. Adimab and its Affiliates hereby grant Alector a nonexclusive license under the Adimab Platform/Background Patents, Adimab Program Patents, Program Know-How and other Know-How transferred by Adimab to Alector in the context of any Licensed Antibody, for Alector to perform Alector's responsibilities as provided for in the Research Plan as part of the Research Program during the Research Term, and for Alector to perform research (but excluding human clinical trials) of the Program Antibodies to each Target during the Option Term for that Research Program for such Target in order to evaluate whether to exercise the Option with respect to that Research Program and one (1) or more of such Program Antibodies directed to that Target. The foregoing license excludes the right to discover antibodies and excludes the right to use Program Antibodies to screen for other antibodies' activity vis-à-vis the Target (such exclusion including the right to use the Program Antibodies as a control to test, screen for or design other antibodies), except that Alector may use such quantities to compare the performance of Program Antibodies in various *in vitro* and/or *in vivo* assays against other Program Antibodies, and against benchmark research antibodies, benchmark commercial antibodies or any other benchmark agent, including small molecules and biological agents (including antibodies), all of which prior to the comparison to Program Antibodies have previously been identified as having activity against, binding to, agonizing, antagonizing or inhibiting the applicable Target (*provided*, *however*, that that negative controls already identified as such are permitted to be used). The foregoing license is subject to Alector's compliance with the restrictions on use of Adimab Materials set forth in Section 2.6.

(b) To Adimab. Alector and its Affiliates hereby grant to Adimab a non-exclusive license under all Patents and Know-How (including Program Patents and Program Know-How) Controlled by Alector (or its Affiliate) and relating in any way to the Target for each Research Program (including any that so relate by claiming antibodies directed to that Target or a mechanism of action via that Target) or any Alector Materials, for Adimab to perform Adimab's responsibilities as provided for in the applicable Research Plan as part of the applicable Research Program during the applicable Research Term. The foregoing license is subject to Adimab's compliance with the restrictions on use of Alector Materials set forth in Section 2.7.

3.2 Alector Option. Adimab hereby grants Alector the exclusive option (each, an "**Option**") to obtain the licenses of Section 3.3 and assignment of corresponding Antibody Sequence Coverage for the corresponding Licensed Antibodies, exercisable in relation to each Research Program (including each Optimization Research Program) by Alector in its sole discretion upon written notice to Adimab on or before the expiry of the Option Term for such Research Program. Alector shall, in its written notice to exercise the Option, specify up to [***] Program Antibodies as the "**Licensed Antibodies**" for the Target that are identified in such Research Program (or if the Option is exercised early, thereafter during the Collaboration Term but not to exceed [***] in the aggregate for such Research Program). Subject to such Option exercise by Alector on the terms provided herein, Adimab hereby assigns the Antibody Sequence Coverage with respect to Licensed Antibodies to Alector, which assignment shall occur automatically without any further action required by either Party or any of their respective Affiliates. If, upon or after the filing or institution of bankruptcy, reorganization, composition of creditors, arrangement, liquidation, or receivership proceedings by or against Adimab, or upon an assignment of all or substantially all of Adimab's assets for the benefit of creditors or any Third Party, or upon the appointment of a receiver, administrative receiver or similar officer over all or substantially all of Adimab's undertaking or assets, or for any other reason (other than a material, uncured breach by Alector of this Agreement), such assignment does not occur, then such Antibody Sequence Coverage will be treated as part of the license grant set forth in Section 3.3, which license grant is granted as of the Effective Date as a current license grant, subject only to the Option exercise by Alector but not any other action by Adimab.

3.3 Development/Commercialization License. Adimab and its Affiliates hereby grant to Alector for each Target, which may only be practiced after Option exercise for that Target, a worldwide, royalty-bearing, sublicenseable (solely as provided in this Section) license under the relevant Adimab Platform/Background Patents, Licensed Program Antibody Patents (to the extent

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owned by Adimab), and Program Know-How and other Know-How transferred by Adimab to Alector in the context of any Licensed Antibody, in the Field, to research, develop, make, have made, use, sell, offer to sell, import and export Licensed Antibodies to such Target and Products based on Licensed Antibodies to such Target during the term of this Agreement. Such license shall be exclusive (even as to Adimab, except as regards the retained library rights of Section 5.2(c)) under the Licensed Program Antibody Patents (and for enforcement purposes under Section 5.7(a) shall include the full scope of the Licensed Program Antibody Patents). Such license shall be non-exclusive under the Adimab Platform/Background Patents, Program Know-How and other Know-How transferred by Adimab to Alector in the context of any Licensed Antibody. Such license shall be sublicensable through one (1) or more tiers of sublicensees without the need to obtain consent; *provided*, *however*, that the sublicense agreement (a) is consistent with and subject to this Agreement, contains provisions that enable Alector to comply with its reporting obligations under this Agreement (e.g., reporting and audit provisions), (b) requires the sublicensee(s) at each tier to indemnify Adimab on the same basis as provided for in Article 8 (and the sublicense shall provide that Adimab is a third-party beneficiary of such indemnification obligation) and (c) shall provide that if Alector makes the Royalty Election under this Agreement with respect to the sublicense, then (i) such sublicense shall contain royalty payment obligations of the sublicensee that are sufficient to cover the applicable royalty payment obligations pursuant to Section 4.5 to Adimab made within the scope of such sublicense and (ii) Adimab shall be an intended third-party beneficiary of such royalty payment obligations of the sublicensee under such sublicense (without imposing any greater obligation on the sublicensee than imposed on Alector under this Agreement) and of the indemnification obligation required under clause (b). The requirements of the foregoing sentence as to sublicensees shall also apply to all Program Transaction counterparties.

3.4 Diligent Development and Commercialization.

(a) Diligent Efforts. Alector shall by itself or its Affiliates or by a Program Transaction(s), for each Target for which the Option is exercised, devote Commercially Reasonable Efforts to preclinically and clinically develop, seek Marketing Authorization for, and launch and actively commercialize [***] Product containing a Licensed Antibody to such Target, for the Major Markets.

(b) Reports. Annually, Alector will provide Adimab with a written report summarizing Product progress in development and commercialization, and Alector's and its Affiliates' significant activities in that regard, on a Target-by-Target basis. If requested by Adimab, Alector shall meet with Adimab to discuss such report at least annually. Alector shall make the following personnel available for such meetings: the project leader (or equivalent) for Product development, and another person at VP level or above. These meetings are not required of Third Party sublicensees or Program Transaction counterparties of Alector or its Affiliates, or of Alector with respect to any Target for which all rights of Alector under this Agreement with respect to Licensed Antibodies to such Target have been out-licensed or transferred to Third Parties.

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3.5 Commitments Regarding Program-Benefited Antibodies.

(a) Program-Benefited Antibodies. The Parties intend that if [***]. This Agreement gives Alector and its Affiliates the right to modify the Licensed Antibodies, by including modified versions of them and derivatives of them in the definition of "Product" provided above. Alector and its Affiliates shall also be entitled to use sequence-related information obtained under this Agreement to research, develop and commercialize antibody products in the Field that are not Products; *provided*, *however*, that the Parties also intend that Alector and its Affiliates shall not develop or commercialize an antibody product that is [***] (such complete or partial sequence information, "**Specific Sequence Information**", and each of the foregoing (a) through (d) in this sentence, a "**Program-Benefited Antibody**"), without exercising the applicable Option and paying Adimab fees pursuant to Article 4 with respect to such Program-Benefited Antibody and/or product containing such Program-Benefited Antibody as if such Program-Benefited Antibody were deemed a Licensed Antibody and such Program-Benefited Antibody product were deemed a Product under this Agreement, subject to the remainder of this Section 3.5(a). For clarity, an antibody will not be deemed a Program-Benefited Antibody or a Program Antibody solely as a result of the application or use of a Broad Target/Non-CDR Antibody Invention, or any other Program Know-How or Program Invention owned solely or jointly by Alector hereunder (other than Specific Sequence Information), in the discovery, research, development, manufacture or commercialization of such antibody product. Alector shall comply with its regular reporting obligations as to Program-Benefited Antibodies as in Section 2.5(c). For clarity, an antibody product will not be deemed a Program-Benefited Antibody or a Program Antibody solely because it is covered by a Broad Target/Non-CDR Antibody Patent or Broad Target/Non-CDR Antibody Inventions; *provided* that Alector makes the payments to Adimab provided for in this Agreement in relation to Epitope Patents. An antibody product, including a benchmark research or commercial antibody, and/or an antibody that was independently generated by Alector or any of its Affiliates, for clarity, will not be deemed a Program-Benefited Antibody or a Program Antibody due to (i) its application or use in biochemical *in vitro* or *in vivo* assays (including the same biochemical *in vitro* or *in vivo* assays that were used for testing any Program-Benefited Antibodies or Program Antibodies), or due to its application or use in indirect or direct comparison against any Program-Benefited Antibodies or Program Antibodies, or (ii) without derogating from any of Alector's obligations regarding Adimab's Confidential information set forth in this Agreement, use of any information of Alector or Adimab or any of their Affiliates, other than Specific Sequence Information. For further clarity, the use of "discovered and/or optimized" in the clause (c) above does not refer to the use of information (including any

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Specific Sequence Information, which is addressed in clause (d) above and in clause (c)), but rather the use of any tangible antibody material provided by Adimab in experiments whereby another antibody is discovered for the Target in question, or is optimized for the Target in question (such as by using a competitive antibody binding screening assay using any such antibody provided by Adimab to identify another superior antibody to such Target).

(b) Covenant Not to Sue. Except as provided in the last sentence of this Section, so long as Alector and its Affiliates are in compliance with Section 3.5(a) with respect to a Program-Benefited Antibody, Adimab shall not, directly or indirectly, assert any claim against Alector or its Affiliates, successors in interest, acquirers (whether of Alector or of all or substantially all of the assets of Alector relating to the subject matter of this Agreement), licensees, sublicensees, other Program Transaction counter-parties, distributors or end users, with respect to the research, development, manufacture, have manufacture, sale, offering for sale, import or export of any product containing such Program-Benefited Antibody, for infringement of any Licensed Program Antibody Patents, Adimab Platform/Background Patents and Program Know-How and other Know-How transferred by Adimab to Alector in the context of any Licensed Antibody, with respect to Licensed Antibody(ies). The foregoing covenant shall be binding on all of Adimab's Affiliates and successors in interest under this Agreement, and any exclusive licensees, exclusive sublicensees, and assignees of any Licensed Program Antibody Patents, Adimab Platform/Background Patents and Program Know-How and other Know-How transferred by Adimab to Alector in the context of any Licensed Antibody, regarding Licensed Antibody(ies), and Adimab shall as a condition of assigning this Agreement, or providing the applicable exclusive license, exclusive sublicense or assignment, obtain a contractual commitment from the applicable entity receiving rights to comply with such covenant. Such covenant does not apply to any Patent other than a Licensed Program Antibody Patent or Adimab Platform/Background Patent. For purposes of this Section 3.5(b), Adimab Platform/Background Patents and Licensed Program Antibody Patents shall be interpreted as if the Program-Benefited Antibodies were Licensed Antibodies. The covenant of this Section 3.5(b) shall not apply to activities after a termination of this Agreement in its entirety or surrounding the Target to which the Program-Benefited Antibody relates, in each case for an Alector uncured material breach. This Section 3.5(b) shall not be read to allow, or prevent a suit by Adimab with respect to, Alector's practice of Adimab Platform/Core Technology for antibody discovery or optimization purposes or for the practice of technology for any purpose other than those described herein with respect to Program-Benefited Antibodies.

ARTICLE 4

FINANCIAL TERMS.

4.1 Technology Access Fee. Alector shall pay Adimab a one-time technology access fee equal to [***], within three (3) Business Days after the Effective Date.

4.2 Research Funding.

(a) Funding Amounts. Alector shall pay Adimab for the FTEs actually performing scientific work in each Research Program under the Collaboration during the Collaboration Term at the FTE Rate; *provided*, *however*, that Alector will not be responsible to fund any Adimab FTEs in excess of the FTE estimates set forth in a Research Plan without Alector's prior written consent in its sole discretion and that in the absence of such consent, Adimab shall not be required to expend additional FTEs beyond those estimated in the applicable Research Plan. Adimab acknowledges and agrees that the FTE Rate reflects Adimab's fully-loaded costs and expenses in performing its Research Program obligations under the Collaboration, and that except as explicitly set forth herein Adimab is solely responsible for its internal and external costs and expenses in performing its obligations thereunder (*provided* that Adimab shall not be required to devote FTEs to the Research Programs which FTEs are not funded by Alector under this Section). In addition, Alector shall reimburse Adimab for any external costs actually spent by Adimab related to the purchase or production of antigen for use in a Research Program, provided Adimab has obtained Alector's prior written consent for any such external costs.

(b) Invoicing and Payments. Payments under this Section shall be due quarterly in advance based on estimated FTE usage anticipated for such calendar quarter, subject to true-up each quarter at the end of the quarter. If Alector has paid for more FTEs than are actually used in any calendar quarter, then any such overpayment shall be promptly refunded to Alector or deducted from future calendar quarter advance payments under this Section, in Alector's sole discretion. At least [***] prior to the Start Date, and at least [***] prior to the commencement of each calendar quarter during the Collaboration Term thereafter, Adimab shall deliver to Alector a detailed invoice stating the number of FTEs that are scheduled to perform activities under the Collaboration during such calendar quarter. The first advance payment under this Section 4.2 shall be on or prior to the Start Date ([***] after receipt of the applicable invoice, if later) and shall be calculated on the scheduled FTE usage for the period commencing on the Start Date and ending at the end of the calendar quarter in which the Start Date occurs. Thereafter, each quarterly advance payment will be

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due on or prior to the first Business Day of each calendar quarter during the Collaboration Term (or [***] after receipt of the applicable invoice, if later) and shall be calculated on the scheduled FTE usage for the upcoming calendar quarter. Within [***] after the end of each calendar quarter during the Collaboration Term Adimab shall deliver to Alector a detailed invoice stating the number of FTEs that actually performed activities under the Collaboration during the prior calendar quarter, the amount of any advance payments made by Alector (or credits due to Alector) in respect of such activities, and any true-up amount due. All payments shall be due within [***] of Alector's receipt of the invoice.

4.3 Revenue Payments and Royalty Payments.

(a) Elections. [***] Within [***] after a Program Transaction is entered into, Alector shall inform Adimab in writing whether Alector elects to pay either (1) a share of Program Transaction Revenue with respect to such Program Transaction, as set forth in Section 4.4, or (2) a royalty on Net Sales on Products sold pursuant to rights included in such Program Transaction, as set forth in Section 4.5. In addition, at any time that is prior to the closing of an Alector Change of Control, upon written notice to Adimab, Alector may make an irrevocable Royalty Election with respect to a Product as to which no Revenue Election has previously been made. Alector is entitled to make such election on a Program Transaction-by-Program Transaction basis. If no election under this Section 4.3(a) has been made as of the date of First Commercial Sale of any given Product in any given country, then the Royalty Election shall automatically be deemed made as to such Product in such country (and the Revenue Election shall not be an option as to such Product in such country). If Alector fails timely to elect either the Revenue Election or the Royalty Election, then the Royalty Election shall automatically be deemed made for that Program Transaction.

(i) Revenue Election. If Alector elects to pay a share of Program Transaction Revenue with respect to such Program Transaction, then it has made the "**Revenue Election**" with respect to the particular Program Transaction. Alector shall, simultaneously with such notice, disclose to Adimab a copy of all documents governing such Program Transaction, but shall be
entitled to redact from the copy shared with Adimab reasonable amounts of information not relevant to the determination of Program Transaction Revenue or any allocation thereof pursuant to Section 4.3(c), (d) or (e) hereunder or confirmation that the agreements comply with this Agreement (e.g., the requirement that sublicensees provide appropriate indemnification of Adimab).

(ii) Royalty Election. If Alector elects to pay a royalty on Net Sales on Products sold pursuant to rights included in such Program Transaction, then it has made the "**Royalty Election**" with respect to the particular Program Transaction. Alector shall disclose, simultaneously with such notice, a copy of all documents governing such Program Transaction, but

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shall in this case be entitled to redact from the copy shared with Adimab reasonable amounts of information not relevant to the calculation of royalties hereunder or to the confirmation that the agreements comply with this Agreement (e.g., the requirement that sublicensees provide appropriate indemnification of Adimab).

(b) Alector Change of Control.

(i) Undesignated Rights After an Alector Change of Control. Unless the Parties agree otherwise in writing prior to the closing of an Alector Change of Control, then the Royalty Election shall automatically be made for all Undesignated Rights transferred pursuant to such Alector Change of Control.

(ii) Undesignated Rights Prior to an Alector Change of Control. At any time prior to an Alector Change of Control, Alector may notify Adimab in writing of its desire to elect to pay Adimab the specified percentage of Program Trade Sale Proceeds provided below in lieu of the Royalty Election automatically applying with respect to such Undesignated Rights.

(iii) Prior Revenue Election. After an Alector Change of Control, Revenue Elections for pre-existing (prior to the Alector Change of Control) Program Transactions with Third Parties will continue to apply only for so long as such rights remain with the Third Party (and if such rights ultimately revert to Alector or its successor, then they shall be subject to the Royalty Election) and there shall be no offset of payments already made to Adimab in respect of such pre-existing Program Transaction against royalties due to Adimab under such Royalty Election. Furthermore, if the counterparty to the Alector Change of Control was (or its Affiliate was) a counterparty to a Program Transaction for which a Revenue Election or Royalty Election was previously made, then Alector shall be required to make the same election for the Alector Change of Control as was made for such Program Transaction unless Adimab agrees otherwise in writing in its sole discretion.

(c) Allocation of Revenue. Adimab and Alector shall each be reasonably available to negotiate in good faith the determination of (i) Program Trade Sale Proceeds (in the case of an Alector Change of Control) (ii) Program Transaction Revenue which is Multi-Product Deal Program Transaction Revenue (in the case of a Multi-Product Deal) based on the proportion of the Program Transaction Revenue which is allocable to Licensed Antibodies and Products, and (iii) Program Transaction Revenue which is allocable to Optimized Antibodies and to Program Antibodies/Program Benefitted Antibodies that are not Optimized Antibodies, as provided in the penultimate sentence of Section 4.4 below. If despite good faith efforts the Parties are unable to agree upon such determinations within such [***] period, then Alector may request that a Third Party determine the allocation in accordance with Section 10.2. As part of such negotiation or arbitration, the Parties shall value Combination Products, if applicable, pursuant to the principles set forth in Sections 4.4 and 4.5(d).

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(d) Finality of Election. Once Alector makes either the Revenue Election or the Royalty Election with respect to a particular Program Transaction (or the Royalty Election is deemed made), this election is irrevocable as to the particular Program Transaction. To avoid doubt, this means that if the surviving or acquiring entity later licenses rights to Licensed Antibodies transferred pursuant to the Alector Change of Control to a Third Party, the Royalty Election shall continue to apply to such Licensed Antibodies, and the surviving or acquiring entity will not have the opportunity to elect otherwise hereunder.

(e) Program Transaction Confidentiality. All Program Transaction documents provided by Alector to Adimab and the terms and information contained therein shall be Confidential Information of Alector subject to the provisions of Article 6.

(f) No Double-Counting. If Alector enters into an Alector Change of Control or a Program Transaction, and the counterparty (or an Affiliate of such counterparty) already has an agreement with Adimab (or any of its Affiliates or licensees), then only one agreement shall be applicable to any Products hereunder, so that, among other things, no payments will be owed under both this Agreement and such other agreement with respect to any such Products. The agreement applicable to a given Product shall be that agreement has the closest relationship to any Product in question based on how Product was discovered and developed.

(g) Election for Epitope Patent Compensation. For Epitope Patent-Only Transactions, Alector may elect to pay to Adimab an amount equal to [***] ("**Epitope Patent Compensation**"), and if Alector does so, then Alector shall not owe any share of Program Transaction Revenue with respect to such Epitope Patent-Only Transaction, and shall not owe any Net Sales royalties with respect to Net Sales within the scope of such Epitope Patent-Only Transaction. Such payment shall be made within [***] after such Epitope Patent-Only Transaction. Notwithstanding anything express or implied in the foregoing, paying the Epitope Patent Compensation shall not result in any reduction in Program Transaction Revenue payable in case of another Program Transaction relating to the same Target with the same counterparty (including an Affiliate of the contracting entity), but, for clarity, if the Epitope Patent-Only Transaction is later treated as, or part of, a Program Transaction, then any Epitope Patent IP Compensation will be credited against payments owed by Alector for such Program Transaction hereunder provided the same Target is the subject of such Program Transaction. If Alector does not timely pay the Epitope Patent Compensation for any Epitope Patent-Only

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Transaction, then such Epitope Patent-Only Transaction shall be treated as any other Program Transaction for purposes of this Agreement and there shall be no reduction of any kind to Program Transaction Revenue associated therewith if Alector makes the Revenue Election with respect to such Program Transaction. To avoid doubt, if a Program Transaction includes Epitope Patents (including the situation in which an Epitope Patent-Only Transaction is deemed part of a Program Transaction because entered into contemporaneously with, or regardless of timing, with the same counterparty (with counterparty having the same meaning as provided above) and relating to the same Target as, other elements of the Program Transaction), there shall be no adjustment or reduction of Program Transaction Revenue in relation to the Epitope Patents.

4.4 Program Transaction Revenue Payments. If the Revenue Election applies, then Alector shall pay to Adimab the percentage specified below of all Program Transaction Revenue in connection with Program Transactions for which the Revenue Election is made (other than Multi-Product Deals); and the percentage specified below of Multi-Product Deal Program Transaction Revenue for all Multi-Product Deals for which the Revenue Election is made, in each case on a transaction-by-transaction basis for each calendar year. Accordingly, the percentages in the following table shall apply to each Program Transaction and to each Multi-Product Deal, on all Program Transaction Revenue and all Multi-Product Deal Program Transaction Revenue for each such transaction, respectively, on a transaction-by-transaction and calendar year-by-calendar year basis:

Aggregate revenue for each such transaction for each calendar year	***Percentage (as a percentage of Program Transaction Revenue or Multi-Product Deal Program Transaction Revenue, as applicable)***
Up to [***]	[***]
From [***] to [***]	[***]
From [***] to [***]	[***]
From [***]	[***]

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By way of example, and without limitation, if the aggregate Program Transaction Revenue for a Program Transaction in a particular calendar year is [***].

The amounts due under this Section 4.4 shall be reduced by [***] percent ([***]%) to the extent that the Program Transaction Revenue or the Multi-Product Deal Program Transaction Revenue, as the case may be, is allocable to an Optimized Antibody. For such purposes, the Program Transaction Revenue allocable to the Optimized Antibody will be allocated proportionally across the revenue tiers in the table above. The amounts due under this Section 4.4 shall be payable on an ongoing basis within [***] after the calendar month in which Program Transaction Revenue or Multi-Product Deal Program Transaction Revenue, as the case may be, is received.

4.5 Royalty Payments. If the Royalty Election applies, then:

(a) Royalty Rate for Products. Alector shall pay Adimab royalties at the royalty rate set forth below of Net Sales of each Product during the applicable Royalty Term, determined on a country-by-country and Product-by-Product and calendar year-by-calendar year basis in accordance with Section 4.5(b):

Aggregate calendar year Net Sales for each Product	***Royalty Rate (as a percentage of Net Sales)***
Up to [***]	[***]
From [***] to [***]	[***]
From [***] to [***]	[***]
From [***]	[***]

By way of example, and without limitation, if the aggregate Net Sales of a Product in a particular calendar year is [***].

The royalty rates due under this Section 4.5(a) shall be reduced by [***] percent ([***]%) to the extent that such royalty rates are applicable to an Optimized Antibody.

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(b) Royalty Term. "**Royalty Term**" means, on a Product-by-Product and country-by-country basis, the time from the First Commercial Sale of such Product in such country until the [***] of the First Commercial Sale of such Product in such country.

(c) Adjustment for Third Party Patents. If Alector in-licenses any issued Patent owned by a Third Party (that does not comprise Adimab Platform/Background Patents or Adimab Program Patents) the practice of which Alector reasonably determines is necessary to as a result of Adimab's discovery and/or optimization of a Licensed Antibody, then Alector shall have the right to credit against the payments due to Adimab upon Net Sales of a Product in a country in a calendar quarter [***] percent ([***]%) of the payments actually paid by Alector to such Third Party with respect to such patent(s) in-licensed by Alector under this Section; *provided*, *however*, that such credit shall not reduce any amount payable to Adimab hereunder for any Product to less than [***] percent ([***]%) of the amount that would otherwise be payable to Adimab for such Product in such calendar quarter. In the event that [***] percent ([***]%) of the aggregate amounts paid for Patent(s) pursuant to this Section exceed the amount by which Alector may credit and offset any particular payment to Adimab hereunder (including by reason of the fact that no payments are then owed to Adimab), Alector shall be entitled to carry forward the excess to offset against any future payments due to Adimab hereunder.

(d) Combination Products Adjustment. If Alector, its Affiliate, their successors or the Product marketer of any of them under a Program Transaction for which the Royalty Election has been made sells a Combination Product, then Net Sales for such Combination Product shall be calculated as (i) [***] percent ([***]%) of actual Net Sales (if neither clause (ii) nor clause (iii) applies); (ii) the percentage of Net Sales (or formula to calculate such percentage) mutually agreed in writing by the Parties in advance of First Commercial Sale, if the Parties mutually agree in writing to such percentage (or formula to calculate such percentage); and (iii) if the Parties have failed to agree on such percentage in writing within [***] after Alector in writing requests discussions, then the percentage of Net Sales shall be determined by arbitration under Section 10.2(b). As part of such allocation, if the Combination Product includes an Optimized Antibody, the Net Sales allocated to the Optimized Antibody component shall be allocated proportionally across the revenue tiers in the table set forth in Section 4.5(a) above.

(e) Adjustment for Compulsory License. If a compulsory license is granted to a Third Party with respect to any Product in any country in the Territory with a royalty rate lower than the applicable royalty rate set forth in this Section 4.5, and this results in a sublicense by Alector or its Affiliate to the compulsory licensee in a country and with respect to a Product for which the Royalty Election has been made, then the royalty rate to be paid by Alector on Net Sales in that country by the compulsory licensee will be reduced to [***] percent ([***]%) of the rate paid by the compulsory licensee. The royalty rate on Net Sales of such Product by entities other than the compulsory licensee in such country shall be unaffected by the compulsory license.

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(f) Other Royalty Provisions. Only one royalty will be due with respect to the same unit of Product, even if such Product unit is comprised of more than one Licensed Antibody or any modified or derivative forms thereof. No royalties will accrue on the sale or other disposition of the Product by Alector or its Affiliates, licensees or sublicensees for use in a clinical study sponsored or funded by Alector or its Affiliates, licensees or sublicensees.

4.6 Payment Timings. All Net Sales royalties due under Section 4.5 shall be paid quarterly, on a country-by-country basis, within [***] after the end of the relevant calendar quarter for which royalties are due.

4.7 Royalty Payment Reports. With respect to each calendar quarter, within [***] after the end of the calendar quarter, Alector shall provide to Adimab a written report stating the number and description of all Products sold during the relevant calendar quarter; the gross sales associated with such sales; and the calculation of Net Sales on such sales, including the amount of any deduction provided for in the definition of Net Sales in Article 1. The report shall provide all such information on a country-by-country and Product-by-Product basis. If applicable, Alector shall also include in these reports a statement of all Program Transaction Revenue share payments due for the quarter, showing the calculation of the total consideration received in connection with Program Transactions for which the Revenue Election has been made, any and all deductions in accordance with the definition of Program Transaction Revenue (with supporting detail), net Program Transaction Revenue, and Adimab's share. Program Trade Sale Proceeds from an Alector Change of Control, and the calculation of such Program Trade Sale Proceeds, shall similarly be included in these reports.

4.8 Milestones. Subject to Section 4.9, Alector shall make milestone payments to Adimab based on achievement by Alector, its Affiliate or a counterparty to a Program Transaction or a Multi-Product Deal, as applicable, of the following milestone events:

Milestone Event	***Milestone Payment****
[***]	[***]
[***]	[***]
[***]	[***]

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* - Such Milestone Payment shall be reduced by [***] percent ([***]%) in the event of that the Program Antibody or Product with respect to which the Milestone Event has occurred is an Optimized Antibody.

Each milestone payment in the foregoing table shall be paid only once with respect to each Target, no matter how many Program Antibodies/Products for such Target ultimately achieve the applicable milestone event.

On a Target-by-Target basis, if development of a first Program Antibody/Product is terminated and such first Program Antibody/Product is replaced with a second Program Antibody/Product and Alector paid any milestone payments owed to Adimab pursuant to this Section 4.8 with respect to any milestone events achieved with the first Program Antibody/Product (the "**Paid/Achieved Event**"), then when and if the second (or third etc.) Program Antibody/Product achieves any such Paid/Achieved Events, no corresponding milestone payment shall be due with respect to such achievements but any remaining unpaid milestone payment would be due upon the achievement of that milestone event by the second (or third etc.) Program Antibody/Product. In the event that any milestone event is achieved with respect to a Target, and a prior milestone event is not a Paid/Achieved Event with respect to such Target, Alector shall pay Adimab with respect to all milestone events for such Target, up to and including the most recently achieved milestone event. For example, [***]

For purposes of this Section 4.8:

"**Phase I Trial**" shall mean a human clinical trial in any country that is intended to initially evaluate the safety and/or pharmacological effect of a Product in subjects that would otherwise satisfy requirements of 21 C.F.R. 312.21(a), or its foreign equivalent.

"**Phase II Trial**" shall mean a human clinical trial in any country that is intended to initially evaluate the effectiveness of a Product for a particular indication or indications in patients with the disease or indication under study that would otherwise satisfy requirements of 21 C.F.R. 312.21(b), or its foreign equivalent.

4.9 Deferred Payment Option. The milestone payments with respect to the milestone events set forth in Section 4.8 shall be deemed met and accrue when each such milestone event is achieved for a given Program Antibody/Product. Alector may make the corresponding milestone payment in accordance with Section 4.8, or provide written notice prior to the due date for such milestone payment of its election to delay payment of such amount until the earlier of (i) the start of either a pivotal phase II clinical trial (meaning a phase II clinical trial that is expected, if successful,

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to be the final clinical trial conducted prior to the submission of an application for Marketing Approval) or a phase III clinical trial for such Program Antibody/Product, (ii) a Program Transaction with respect to such Program Antibody/Product, or (iii) an Alector Change of Control. If Alector delays any such payment in accordance with this Section 4.9, Alector shall pay Adimab, on the first business day of every calendar year, simple interest (each, an "**Interest Payment**") accrued on such amounts at a rate of [***] percent ([***]%) per annum (calculated on a daily basis), from the date Alector provided notice of its election to delay payment until such milestone payments and any interest thereon are paid in full; *provided*, *however*, that if Alector ceases all research and development activities with respect to all Program Antibodies/Products against the same Target for which a payment is delayed pursuant to this Section 4.9 (other than as a result of a Program Transaction with respect thereto or an Alector Change of Control), then Alector shall not be obligated to make such Interest Payment and the corresponding milestone payment shall be waived, forever and finally; *provided*, *further*, *however*, that in the event that Alector subsequently resumes research or development on any Program Antibodies/Products against such Target or enters into a Program Transaction with respect thereto or an Alector Change of Control, Alector shall immediately pay to Adimab any unpaid Interest Payments and the corresponding milestone payment shall again be due and payable again on the terms specified in clauses (i) through (iii) above (including any interest which has accrued on such Interest Payments during the period since Alector last made an Interest Payment to Adimab with respect to such Target), and Alector shall resume the payment of Interest Payments on the first business day of the next calendar year, if applicable.

4.10 Payment Method. All payments due under this Agreement to Adimab shall be made by bank wire transfer in immediately available funds to an account designated by Adimab. All payments hereunder shall be made in the legal currency of the United States of America, and all references to "**$**" or "**dollars**" shall refer to United States dollars (i.e., the legal currency of the United States).

4.11 Taxes. Alector shall be responsible to pay and may withhold from payments made to Adimab under this Agreement any taxes required to be withheld by Alector under applicable law. Accordingly, if any such taxes are levied on such payments due hereunder ("**Withholding Taxes**"), Alector shall (a) deduct the Withholding Taxes from the payment amount, (b) pay all applicable Withholding Taxes to the proper taxing authority, and (c) send evidence of the obligation together with proof of tax payment to Adimab within [***] following that tax payment.

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4.12 Records; Inspection.

(a) Each Party and its relevant Affiliates, licensees and sublicensees ("**Related Parties**") shall keep and maintain (in conformity with the Accounting Standards), for a period of three (3) calendar years following the end of each calendar year during the term of this Agreement, complete and accurate records to enable amounts payable under this Agreement to be determined. Each Party (the "**Auditing Party**") shall have the right, once per calendar year and only once with respect to the records for any given accounting period, to have an independent, certified public accounting firm reasonably acceptable to the other Party (the "**Audited Party**") review any such records in the location(s) where such records are maintained by the Audited Party or any of its relevant Related Parties upon reasonable notice (which shall be no less than [***] prior written notice) and during regular business hours for the sole purpose of verifying the basis and accuracy of payments under this Agreement within the three (3) most recent calendar years as of the date of the request for review. Prior to any review, the independent certified public accounting firm shall have entered into a written agreement with the Audited Party or its relevant Related Parties limiting the use of such records to verification of the accuracy of payments due under this Agreement and prohibiting the disclosure of any information contained in such records to a Third Party for any purpose and to the Auditing Party for a purpose other than as set forth in this Section 4.12. The report of such accounting firm shall be limited to a certificate stating whether any report made or invoice or payment submitted by the Audited Party during such period is accurate or inaccurate and the actual amounts owed by or due under this Agreement to the Auditing Party for such period. After review of the certified public accounting firm's report, the Audited Party shall promptly pay any understated amounts due to the Auditing Party, together with any interest owed thereon pursuant to Section 4.16. Any overpayment made by a Party shall be fully creditable against amounts payable in subsequent payment periods or promptly refunded, at the overpaid Party's election. Any review or audit by an independent certified public accounting firm under this Section 4.12 is to be made at the expense of the Auditing Party, except that if the results of the review reveal that the Audited Party has underpaid (or in the case where Adimab is the Audited Party, overbilled) by [***] percent ([***]%) or more for the period under review, then the reasonable costs of such audit shall be paid promptly by the Audited Party.

(b) The Parties agree that, as between Adimab and Alector, (x) all information provided in a royalty payment report, all records kept by Alector or any relevant Related Party of Alector under Section 4.12, and any information provided by the independent certified public accounting firm to Adimab are Confidential Information of Alector, and (y) *vice versa* for Adimab regarding the records kept by it and its Related Parties and the information reported by the independent certified public accounting firm to Alector.

(c) Notwithstanding subsection (a), any audit of Adimab FTE records shall occur within 12 months after the end of the calendar year to which the records relate or shall be deemed irrevocably waived.

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4.13 Licensee/Sublicensee Reports, Records and Audits. If Alector grants any Product licenses or sublicenses, the agreements for such licenses and sublicenses shall include an obligation for the sublicensee to (a) maintain records adequate to document and verify the proper payments (including milestones and royalties) to be paid to Adimab; (b) provide reports with sufficient information to allow such verification; and (c) allow Adimab (or Alector if requested by Adimab) to verify the payments due; *provided*, *however*, that such audit right is not required to be any stronger than that of Section 4.12).

4.14 Foreign Exchange. If any currency conversion shall be required in connection with the calculation of amounts payable hereunder, such conversion shall be made using the rate of exchange (a) used by Alector (or the selling entity) for its own financial reporting purposes in its worldwide accounting system (which shall be consistent with Accounting Standards) prevailing on the third to the last Business Day of the month preceding the month in which such sales are recorded, if Alector (or the selling entity) is a public company; or (b) if Alector is not a public company, then shall be determined the same way except that the rates shall be the average of the purchase and sale rates for U.S. Dollars for such day as reported by *The Wall Street Journal*, Eastern Edition. With any payment in relation to which a currency conversion is performed to calculate the amount of payment due, Alector shall provide to Adimab a true, accurate and complete copy of the exchange rates used in the calculation.

4.15 Non-refundable, non-creditable payments. Each payment that is required under this Agreement is non-refundable and non-creditable.

4.16 Late Payments. Any amount owed by a Party to the other Party under this Agreement that is not paid within the applicable time period set forth herein will accrue interest at the rate of [***] percent ([***]%) per month compounded monthly, or, if lower, the highest rate permitted under applicable law.

ARTICLE 5

INTELLECTUAL PROPERTY

5.1 Ownership of Program Patent and Program Know-How.

(a) Ownership of Program Patents. Adimab shall solely own, regardless of inventorship (but subject to Alector owning Alector Program Inventions as provided under the definition of Broad Target/Non-CDR Antibody Inventions), all Program Patents that claim Adimab Platform/Core Technology Improvements and, until and unless Alector exercises the Option for a

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given Target, Adimab shall own the Antibody Sequence Coverage on all Program Antibodies to such Target. Alector shall solely own, the Broad Target/Non-CDR Antibody Patents, all Program Patents that Cover Broad Target/Non-CDR Antibody Inventions, and from and after the date that Alector exercises the Option for a given Target, the Antibody Sequence Coverage on the Licensed Antibodies to such Target (but, to be clear, Adimab shall own the Antibody Sequence Coverage on the other Program Antibodies to such Target, subject to Section 5.4(b)). Notwithstanding the foregoing, neither Adimab nor Alector shall practice or license others to practice the Antibody Sequence Coverage in activities that are outside the scope of the license to Alector in Section 3.3). Other than (1) Program Patents that claim Adimab Platform/Core Technology Improvements, (2) Program Patents that claim Broad Target Inventions/Non-CDR Antibody, (3) Antibody Sequence Coverage, and (4) Broad Target Patents, Program Patents (including, for clarity, Program Antibody Patents) shall be owned based on inventorship.

(b) Filing of Program Patents. Notwithstanding Alector's ownership of the Broad Target/Non-CDR Antibody Patents, and without modifying the definition of Broad Target/Non-CDR Antibody Patents, in case independent claims are filed that would take a given Patent outside the definitions of the foregoing term, Alector (and those deriving rights from Alector) shall not include in any Broad Target/Non-CDR Antibody Patent any Program Antibody CDR-Specific Claims, without Adimab's advance written withholdable consent, but shall – subject to the non-disclosure requirements of Section 5.4(b)(ii) – be entitled to include Program Antibody CDR-Specific Claims that are dependent (as opposed to independent).

(c) Ownership of Program Know-How. Program Know-How that constitutes Adimab Platform/Core Technology Improvements shall be owned by Adimab (but subject to Alector owning Alector Program Inventions as provided under the definition of Broad Target/Non-CDR Antibody Inventions). Until and unless Alector exercises the Option for a given Target, other than Broad Target/Non-CDR Antibody Inventions, Adimab shall own Program Know-How to the extent that such Program Know-How relates exclusively to Program Antibodies; *provided*, *however*, that after such Option exercise, Alector shall own such Program Know-How with respect to any Licensed Antibodies (but, to be clear, Adimab shall own such Program Know-How on the other Program Antibodies, subject to Section 5.4(b)). Broad Target/Non-CDR Antibody Inventions shall be owned by Alector. All other Program Know-How shall be owned by the Party that created it.

5.2 Implementation.

(a) Assignments. Each Party hereby assigns to the other Party Program Inventions, associated Patents, and Program Know-How as necessary to achieve ownership as provided in Section 5.1. Each assigning Party shall execute and deliver all documents and instruments reasonably requested by the other Party to evidence or record such assignment or to file for, perfect or enforce the assigned rights. Each assigning Party hereby appoints the other Party as attorney-in-fact solely to execute and deliver the foregoing documents and instruments if such other Party after making reasonable inquiry does not obtain them from the assigning Party. Each Party (and its Affiliates) shall perform its activities under this Agreement through personnel who have made a similar assignment and appointment to and of such Party or its Affiliate. Each assigning Party shall make its relevant personnel (and their assignments and signatures on such documents and instruments) reasonably available to the other Party for assistance in accordance with this Article at no charge.

(b) Provisions Relating to Program Antibody Patents; Joint Ownership Implementation.

(i) Program Antibody Patents. Subject to Adimab's rights under Section 5.2(c), neither Party is entitled to practice or license any Program Antibody Patent that is not a Licensed Program Antibody Patent without consent of and without a duty of accounting to the other Party; except that (x) Adimab may practice such Program Antibody Patents within the scope of its license under Section 3.1(b) and (y) Alector (and others) may practice such Program Antibody Patents within the scope of its license under Section 3.1(a) and covenant not to sue under Section 3.5(b).

(ii) Licensed Program Antibody Patents. Subject to Adimab's rights under Section 5.2(c) and the financial obligations set forth in this Agreement, neither Party is entitled to practice or license any Licensed Program Antibody Patent without consent of and without a duty of accounting to the other Party; except that Alector is free to practice or sublicense all Licensed Program Antibody Patents within the scope of its license and covenant not to sue for the applicable Licensed Antibodies, Program-Benefited Antibodies and Products under Sections 3.3 and 3.5(b) while such license or covenant not to sue is in effect with respect to such Licensed Antibodies, Program-Benefited Antibodies and Products.

(iii) Joint Serendipitous Inventions. As regards Joint Serendipitous Inventions and the Program Patents to the extent claiming them, each Party is entitled to practice and license them without consent of and without a duty of accounting to the other Party in accordance with the co-ownership rights of co-inventors under U.S. law. Each Party hereby grants all permissions, consents and waivers with respect to, and all licenses under, the Joint Serendipitous Inventions and the Program Patents claiming them, as necessary to achieve throughout the world the nature of joint ownership rights of the foregoing as described in the foregoing sentence. To avoid doubt, this Section does not imply any permission, consent or waiver with respect to, or license under, any Patent or item of Know-How other than the Joint Serendipitous Inventions and the Program Patents to the extent claiming them.

(c) Reserved Rights for Adimab Antibody Library. Without limiting any licenses or other rights granted to Alector under this Agreement with respect to any Program Antibodies, Licensed Antibodies, Products or Program-Benefited Antibodies, it is understood and agreed that Adimab is not required to physically remove from its libraries, or to prevent from being included in future libraries, any Program Antibodies whatsoever, and, accordingly, Alector hereby recognizes that Adimab reserves a non-exclusive, worldwide, royalty-free, freely sublicenseable right under Program Antibody Patents: (i) for Program Antibodies to be included in antibody library(ies) transferred or licensed by Adimab to Third Parties, even recognizing that in such transactions Adimab may transfer physical possession of, knowingly or unknowingly, samples of

Program Antibodies (other than samples of Program Antibodies generated under this Agreement) in conjunction with an antibody library to a Third Party as part of such transactions (and without implying any license from Adimab or Alector to cover clinical development or commercialization of the Licensed Antibodies of this Agreement by library licensees); and (ii) to conduct any activity with respect to Program Antibodies and Program-Benefited Antibodies that are not Licensed Antibodies (or any Program-Benefited Antibodies based thereon) after the end of the applicable Option Term; *provided*, *however*, that Adimab complies with, and arrives at such non-Licensed Antibodies (or any Program-Benefited Antibodies based thereon) in a manner fully compliant with, Adimab's covenants and obligations in this Agreement (including the restrictions on Subject Antibody Libraries contained herein), and further independently discovers the applicable antibodies.

5.3 Disclosure. During the term of the Agreement, each Party shall promptly disclose to the other Party the making, inventing, discovery, conception or reduction to practice by or on behalf of such Party of any (A) Program Inventions that would be Covered by Program Antibody Patents, or in Alector's case that are Adimab Platform/Core Technology Improvements (which, to avoid doubt, are assigned to Adimab by this Agreement) or in Adimab's case that are Program Inventions that would properly be claimed in an Broad Target/Non-CDR Antibody Patent, or that are Broad Target/Non-CDR Antibody Inventions (which, to avoid doubt, are assigned to Alector by this Agreement), and (B) any other Program Know-How to the extent such Program Know-How is owned by the other Party. Such disclosure shall occur as soon as possible, but in any case within [***] after the Party determines such Program Inventions or Program Know-How has been made, invented, discovered, conceived or reduced to practice. To avoid doubt, this Section shall not be read to require Adimab to disclose Program Inventions constituting Adimab Platform/Core Technology Improvements to Alector or to require Alector to disclose Program Inventions constituting Broad Target/Non-CDR Antibody Inventions to Adimab. Notwithstanding the above, in no event shall Alector be required to correlate or provide information that correlates functional activity data to any antibody sequences. In no event shall Alector be required to provide information on specific biological activities, which of the Licensed Antibodies is associated with given biological activities, and/or which of the Licensed Antibodies has been chosen as drug lead.

5.4 Patent Prosecution and Maintenance.

(a) Adimab Platform/Core Technology, Broad Target/Non-CDR Antibody Inventions and Broad Target/Non-CDR Antibody Patents. Adimab shall have the sole right (but not the obligation) to file, prosecute, maintain, defend and enforce all Program Patents that claim Adimab Platform/Core Technology Improvements and all Adimab Platform/Background Patents, all at its own expense. Alector shall have the sole right (but not the obligation) to file, prosecute, maintain, defend and enforce all Broad Target/Non-CDR Antibody Patents and Program Patents that claim Broad Target/Non-CDR Antibody Inventions, all at its own expense.

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(b) Program Antibody Patents.

(i) Alector shall have the sole right (but not the obligation) to file and prosecute all Program Antibody Patents, all at Alector's expense, including the costs of all foreign and PCT filings. Adimab will have the opportunity to review and comment upon any patent applications and correspondence related to preparing and prosecuting such Program Antibody Patents. Alector shall incorporate Adimab's reasonable comments and shall confer and reasonably discuss with Adimab any concerns Alector has with Adimab's comments and seek to resolve the concerns by mutual agreement. Alector shall give Adimab no less than [***] to comment on each draft filing or patent office correspondence in connection with the foregoing prosecution. If additional documentation is required in order for Alector to exercise its rights under this paragraph, then the Parties' respective patent counsel shall reasonably cooperate as to the form of such additional documentation and Adimab shall provide such required additional documentation (which may include a power of attorney).

(ii) Prior to applicable Option exercise, Alector shall not file any Program Antibody Patent that cannot be prevented from publishing, but shall have the right to file Patents on Broad Target/Non-CDR Antibody Inventions and Broad Target/Non-CDR Antibody Patents, regardless of whether or not they can be prevented from publishing; *provided*, in the case of Patents on Broad Target/Non-CDR Antibody Inventions and Broad Target/Non-CDR Antibody Patents, that if they cannot be prevented from publishing, they do not disclose Program Antibody sequences. If Alector pursuant to the foregoing sentence files any Patents on Broad Target/Non-CDR Antibody Inventions or any Broad Target/Non-CDR Antibody Patents that in either case contain Program Antibody sequences, then until and unless Alector exercises the applicable Option, Alector shall timely prevent such Patents from publishing (including by abandoning such patent application if necessary), to the degree that it is legally possible, and after Option exercise Alector shall only allow them to publish to the extent that the Program Antibody sequences that they contain are Licensed Antibody sequences.

(iii) If the Option for a Research Program is exercised by Alector, then Alector shall abandon those Program Antibody Patents that Cover or disclose Program Antibody sequences to the extent that such Program Antibodies were developed under such Research Program and are not Licensed Antibodies and Adimab shall have no right to file, prosecute or maintain such claims. If the Option Term for a Research Program with respect to a Target expires without Alector exercising the applicable Option, then Program Antibody Patents that Cover or disclose the Program

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Antibodies to such Target developed under such Research Program shall be abandoned, and Alector shall no longer have the right to file, prosecute or maintain such claims. Without Alector's prior written consent, Adimab may not use any Confidential Information or Program Know-How of Alector, or any Program Know-How of Adimab, unless in each case independently developed in a manner in compliance with the terms of this Agreement (including the restrictions on Subject Antibody Libraries contained herein), to seek (or have or license any others to seek) any claims in any Patents which Cover or disclose Program Antibody sequences.

(c) Licensed Program Antibody Patents. If Alector exercises the Option as to any Research Program for a Target then the following applies to all Licensed Program Antibody Patents that Cover Program Antibodies to such Target:

(i) Alector will use Commercially Reasonable Efforts to prepare, file and prosecute the Licensed Program Antibody Patents. Alector shall not be entitled, in the Licensed Program Antibody Patents, to seek claims directed to Program Antibodies other than Licensed Antibodies. Adimab will have the opportunity to review and comment upon any patent applications and correspondence related to preparing and prosecuting such Licensed Program Antibody Patents. Alector shall use Commercially Reasonable Efforts to prepare and prosecute with the goal of obtaining issued valid coverage for the Licensed Antibodies through the Licensed Program Antibody Patents to the extent reasonably possible to obtain. Alector shall incorporate Adimab's comments to the extent they are reasonable and reasonably consistent with such goal and shall confer and reasonably discuss with Adimab any concerns Alector has with Adimab's comments and seek to resolve the concerns by mutual agreement. Alector shall give Adimab no less than [***] to comment on each draft filing or patent office correspondence in connection with the foregoing prosecution.

(ii) Alector shall cause to be filed and shall maintain, to the extent legally practicable, at least one (1) Licensed Program Antibody Patent in the Major Markets and all other countries where consistent with Commercially Reasonable Efforts to do so.

(iii) It is understood and agreed that searching for, identification and evaluation of Third Party Patents that may apply to any Program Antibodies based on sequence, Target or the like is the responsibility of Alector and Adimab shall have no responsibility for the foregoing nor liability if any such Third Party Patents exist. Adimab shall be fully responsible and liable for any breach of any representation and warranty by it with respect to Third Party Patents as set forth in Article 7, without implying any representation or warranty not set forth in such Article 7.

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(d) Other Program Inventions.

(i) Adimab Program Inventions. As between the Parties, Adimab shall have the sole right, at its sole expense and in its sole discretion, to prepare, file, prosecute, enforce and maintain (including conducting or participating in interferences and oppositions) all Program Patents claiming Adimab Program Inventions but not falling within the Program Antibody Patents, the Adimab Platform/Core Technology Improvements, or the Broad Target/Non-CDR Antibody Inventions (which, to avoid doubt, are all addressed above).

(ii) Alector Program Inventions. As between the Parties, Alector shall have the sole right, at its sole expense and in its sole discretion, to prepare, file, prosecute, enforce and maintain (including conducting or participating in interferences and oppositions) all Program Patents claiming Alector Program Inventions but not falling within the Program Antibody Patents, the Adimab Platform/Core Technology Improvements, the Broad Target/Non-CDR Antibody Inventions, or Broad Target/Non-CDR Antibody Patents (which, to avoid doubt, are all addressed above).

(iii) Joint Serendipitous Inventions. The Parties shall mutually agree which of them shall be responsible for either using its in-house patent attorneys or through mutually agreed upon outside counsel to prepare, file, prosecute, enforce and maintain Program Patents on Joint Serendipitous Inventions, and how the costs of such activities will be shared.

5.5 Patent Term Restoration. The Parties shall cooperate with each other, including by providing necessary information and assistance as the other Party may reasonably request, to obtain patent term restoration or supplemental protection certificates or their equivalents in any country where applicable to Licensed Program Antibody Patents. After Option exercise, if elections with respect to obtaining such patent term restoration are to be made with respect to Licensed Program Antibody Patents and the Parties do not agree, Alector shall have the right to make the election and Adimab agrees to abide by such election.

5.6 Cooperation of the Parties. At the reasonable request of the responsible (as provided for in this Article 5) Party, the other Party agrees to cooperate fully in the preparation, filing, prosecution, enforcement and maintenance of any Program Patents under this Agreement. Such cooperation includes executing all papers and instruments (or causing its personnel to do so) reasonably useful to enable the other Party to apply for and to prosecute patent applications in any country; and promptly informing the other Party of any matters coming to such Party’s attention that may affect the preparation, filing, prosecution, enforcement or maintenance of any such Patents.

5.7 Infringement of Patents by Third Parties.

(a) License-Competitive Infringement of Licensed Program Antibody Patents.

(i) First Right. Alector shall have the first right, but not the obligation, to enforce the Licensed Program Antibody Patents against infringement through activities or conduct of a Third Party in the Field ("**License-Competitive Infringement**"). Alector shall reasonably consider Adimab's comments on any such enforcement activities. Except as provided in subsection (c) or in Section 5.8, Alector shall bear all costs and expenses for enforcement under this Section 5.7(a)(i) (including the reasonable costs of Adimab's cooperation as required under subsection (c)).

(ii) Back-up Right for License-Competitive Infringement of Licensed Program Antibody Patents. If Alector does not bring action to prevent or abate License-Competitive Infringement within [***] in the case of an action brought under the Hatch-Waxman Act, similar U.S. act, or any ex-U.S. equivalent of the Hatch-Waxman Act) after notification thereof to or by Alector, then Adimab shall have the right, but not the obligation, to bring, at its own expense, an appropriate action against any person or entity engaged in such License-Competitive Infringement directly or contributorily; *provided*, *however*, that Adimab shall not initiate legal action without first conferring with Alector and considering in good faith Alector's reasons for not bringing any such action.

(iii) Proceeds. Recoveries on suits under this Section 5.7(a) will be handled as provided in Section 5.8.

(b) Participation of the other Party with Respect to Infringement Suits. If a Party brings an action against Infringement under this Section 5.7, the other Party shall be entitled to separate representation in such matter by counsel of its own choice and at its own expense, and such Party shall cooperate fully with the Party bringing such action including by being joined as a party plaintiff if necessary to obtain standing for such action (all at the expense on a pass-through basis of the prosecuting Party).

(c) Settlement. Adimab shall not settle a claim brought under this Section 5.7 involving Licensed Program Antibody Patents in a manner that would limit or restrict the ability of Alector to develop, make or sell Products for use in the Field, or impair the exclusivity of Alector's license rights under this Agreement, in each case without the prior written consent of Alector (which consent shall not be unreasonably withheld, conditioned or delayed). Alector shall not settle a claim

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brought under this Section 5.7 involving Licensed Program Antibody Patents in a manner that would limit or restrict the ability of Adimab to sell, practice, license and fully enjoy the benefits of Adimab's rights in and to the Licensed Program Antibody Patents as provided in this Agreement or that shortens the life of the Licensed Program Antibody Patents or that would narrow their scope, in each case without the prior written consent of Adimab (which consent shall not be unreasonably withheld, conditioned or delayed).

5.8 Allocation of Proceeds. If monetary damages are recovered from any Third Party in an action brought by a Party under Section 5.7(a), such recovery shall be allocated first to the reimbursement of any costs and expenses incurred by the Party controlling such litigation (including, for this purpose, a reasonable allocation of expenses of internal counsel or other personnel acting in such capacity (i.e., coordination of litigation matters and the like)), to the extent not previously reimbursed, and then the same costs and expenses of the non-controlling Party, and any remaining amounts shall be split as follows:

(i) if Alector exercised its first right to bring the suit, then the rest of the remaining recovery shall be allocated [***]; and

(ii) if instead Adimab exercised its back-up right to enforce, then the rest of the remaining recovery shall be allocated [***].

ARTICLE 6

CONFIDENTIALITY; PUBLICITY.

6.1 General. Any and all information disclosed or submitted in writing or in other tangible form — or if disclosed orally, that is indicated to be confidential at the time of disclosure and [***] as such within [***] after initial disclosure — to one Party by the other Party under this Agreement or that certain Mutual Confidential Disclosure Agreement between them dated 4 March 2013, or disclosed between the Parties in the course of negotiating this Agreement or the term sheet for this Agreement whether or not reduced to writing if disclosed orally, is the "**Confidential Information**" of the disclosing Party. In addition, notwithstanding the foregoing, (A) the (i) information embodied in Adimab Materials is Adimab's Confidential Information, and information embodied in the Alector Materials is Alector's Confidential Information, and (ii) any Program Know-How or Program Invention will be treated as Confidential Information of the Party that owns such Program Know-How or Program Invention, subject to the next clause (B), and (B) sequence data (whether as to amino acid sequence or nucleic acid sequence) as to Program Antibodies shall be deemed the Confidential Information of Adimab, except that (a) sequence data

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and data generated in the Collaboration by Adimab relating to Program Antibodies shall also be the Confidential Information of Alector prior to the expiration of the Option Term for the Research Program under which such Program Antibodies are developed and (b) sequence data and data generated in the Collaboration by Adimab relating to Licensed Antibodies shall be the Confidential Information of Alector and not the Confidential Information of Adimab. Each Party shall receive and maintain the other Party's Confidential Information in strict confidence. Neither Party shall disclose any Confidential Information of the other Party to any Third Party. Neither Party shall use the Confidential Information of the other Party for any purpose other than as required to perform its obligations or in the reasonable exercise of its rights hereunder. Each Party may disclose the other Party's Confidential Information to the receiving Party's directors, employees, consultants and contractors requiring access thereto for the purposes of this Agreement, *provided*, *however*, that prior to making any such disclosures, each such person shall be bound by written agreement to maintain Confidential Information in confidence and not to use such information for any purpose other than in accordance with the terms and conditions of this Agreement. Alector may disclose sequence data and data generated in the Collaboration by Adimab relating to Program Antibodies (even though it is Confidential Information of Adimab) to any bona fide actual or prospective permitted collaborators under Section 2.8, any Program Transaction or Alector Change of Control counterparties, acquirers, underwriters, investors, lenders or other financing sources who are obligated to keep such information confidential and not to use it other than for the Purpose (defined later in this sentence), to the extent reasonably necessary to enable such actual or prospective collaborators, licensees, sublicensees, acquirers, underwriters, investors, lenders or other financing sources to determine their interest in collaborating with, acquiring or acquiring rights from, underwriting or making an investment in, or otherwise providing financing to, Alector (the "**Purpose**"). Each Party agrees to take all steps necessary to ensure that the other Party's Confidential Information shall be maintained in confidence including such steps as it takes to prevent the disclosure of its own proprietary and confidential information of like character. Each Party agrees that this Agreement shall be binding upon its Affiliates, and upon the employees and contractors involved in the Research Program of such Party and its Affiliates. Each Party shall take all steps necessary to ensure that its Affiliates and employees and contractors shall comply with the terms and conditions of this Agreement. The foregoing obligations of confidentiality and non-use shall survive, and remain in effect for a period of five (5) years from, the termination or expiration of this Agreement in accordance with Article 9.

6.2 Exclusions from Nondisclosure Obligation. The nondisclosure and nonuse obligations in Section 6 1 shall not apply to any Confidential Information to the extent that the receiving Party can establish by competent written proof that it:

(a) at the time of disclosure is publicly known;

(b) after disclosure, becomes publicly known by publication or otherwise, except by breach of this Agreement by such Party;

(c) was in such Party's possession in documentary form at the time of disclosure hereunder;

(d) is received by such Party from a Third Party who has the lawful right to disclose the Confidential Information and who shall not have obtained the Confidential Information either directly or indirectly from the disclosing Party; or

(e) is independently developed by such Party (i.e., without reference to Confidential Information of the disclosing Party).

Notwithstanding the foregoing: (i) the fact that certain technology becomes publicly known shall not release a Party from the obligation to keep confidential (and not use) the information that such technology is practiced (or not practiced) by the other Party; and (ii) the fact that individual features or combinations of features of a technology are or may become publicly known shall not be deemed to indicate that the overall combination is publicly known or disclosed and shall not allow the Party to whom individual features or combinations of features of a technology was disclosed under this Agreement to disclose (or practice) such individual features or combinations of features of a technology outside the scope of a license granted to such Party under this Agreement.

6.3 Required Disclosures. If either Party is required to disclose any Confidential Information of the other Party, pursuant to a governmental law, regulation or order, an order of a court of competent jurisdiction; if strictly necessary to defend litigation (meaning that the defense would not be possible if the information were not disclosed); if necessary to prosecute a litigation under Section 5.7 or between the Parties to establish their rights under this Agreement; or to comply with the rules of the U.S. Securities and Exchange Commission or any stock exchange or listing entity, then the receiving Party may do so; *provided*, *however*, that the receiving Party shall (i) give advance written notice to the disclosing Party, (ii) make a reasonable effort to assist the disclosing Party to obtain a protective order requiring that the Confidential Information so disclosed be used only for the purposes for which the law or regulation required, and (iii) use and disclose the Confidential Information solely to the extent required by the law, regulation, order, or rule.

6.4 Terms of Agreement. The terms of this Agreement are the Confidential Information of both Parties; *provided*, *however*, that (a) each Party shall be entitled to disclose the terms of this Agreement to bona fide actual or prospective acquirers, underwriters, investors, lenders or other financing sources (and counsel for the foregoing), (b) Alector shall be entitled to disclose the terms of this Agreement to bona fide actual or prospective Alector Change of Control or Program Transaction counterparties (and counsel for the foregoing), and (c) Adimab shall be entitled to disclose the terms of this Agreement, but excluding financial terms, the Exhibits to this Agreement, any Research Plan, and any Target identity, to actual and prospective Adimab Platform/Core Technology licensees and/or acquirors (and counsel for the foregoing) who, in the case of each of clauses (a) - (c), are obligated to keep such information confidential and not to use it other than for the Purpose (with "Purpose" being as defined in Section 6.1, both as written there and as applied *mutatis mutandis* to Adimab as applicable). Moreover, each Party shall be entitled to disclose the terms of this Agreement to legal, financial, business and investment banking advisors to the Party, under legally binding obligations of confidentiality and non-use outside of their representation and/or advice to the Party. In addition, if legally required, a copy of this Agreement may be filed by either Party with the SEC (or relevant ex-U.S. counterpart). In that case, the filing Party will if requested by the other Party diligently seek confidential treatment for terms of this Agreement for which confidential treatment is reasonably available, and shall provide the non-filing Party reasonable advance notice of the terms proposed for redactions and a reasonable opportunity to request that the filing Party make additional redactions to the extent confidential treatment is reasonably available under the law.

6.5 Return of Confidential Information. Promptly after the termination or expiration of this Agreement for any reason, each Party shall return to the other Party all tangible manifestations of such other Party's Confidential Information at that time in the possession of the receiving Party.

6.6 Publicity. The Parties have agreed that Adimab may issue the press release regarding this Agreement attached as Exhibit D and shall release it after the signing of this Agreement on a timeline mutually agreed by the Parties. Each Party understands that this Agreement is likely to be of significant interest to investors, analysts and others and, therefore, that either Party has the right to make announcements of events or developments with respect to this Agreement that are material to such Party. The Parties agree that any such announcement will not contain Confidential Information or, if disclosure of Confidential Information is required by law or regulation or the rules of the U.S. Securities and Exchange Commission, any stock exchange or listing entity, will make reasonable efforts to minimize such disclosure and obtain confidential treatment for any such information that is disclosed to a government agency. Each Party agrees to provide the other Party with a copy of any public announcement as soon as reasonably practicable prior to its scheduled release. Except in the case of extraordinary circumstances, each Party will provide the other with an advance copy of any announcement at least [***] prior to its scheduled release. Each Party has the right to expeditiously review and recommend changes to any announcement regarding this Agreement, *provided* that such right of review and recommendation will only apply for the first time that specific information is disclosed and will not apply to the subsequent disclosure of substantially similar information that has been previously disclosed. The Parties recognize the importance of announcing when antibodies discovered using the Adimab platform enter the clinic, and that Adimab shall entitled to disclose when Licensed Antibodies under this Agreement enter the clinic, in press releases mutually agreed by the Parties. Alector shall not unreasonably withhold its consent to the manner in which Adimab proposes to make disclosures that Licensed Antibodies have entered the clinic; *provided*, *however*, that the Target identity and applicable indications may not disclosed without Alector's prior written consent in its sole discretion. Alector recognizes that Adimab at times has a practice of grouping announcements as to accomplishments in relation to multiple of its collaborations together into a single press release, and, if Alector-related accomplishments are being included in such a broader press release, Alector shall only have the right to approve the wording of those portions of the release that relate to Alector.

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6.7 Certain Data. Notwithstanding this Article 6, without disclosing Alector's identity, the identity, nature or class of any Target, or the potential indications or class of indications, Adimab shall be entitled to disclose the following Program Antibody attributes: (a) Program Antibody binding affinities (1(D), (b) expression range regarding Program Antibodies, (c) germ line distribution of Program Antibodies, and (d) with Alector's prior written approval, preclinical data in mammalian-cell based *in vitro* assays, and in no event shall Alector be required to correlate or provide information that correlates such data to any antibody sequences.

6.8 Publication. Alector may publish or present the results of the Collaboration and/or the results of evaluation of Licensed Antibodies (including during the applicable Option Terms), in each case solely with respect to Licensed Antibodies and/or their Target(s), subject to the prior review by Adimab for patentability and protection of Adimab's Confidential Information as provided in this Section 6.8 and without disclosing Adimab Confidential Information (including sequence information that is Adimab's Confidential Information) (and subject to Section 6.2) unless approved of in advance in writing by Adimab in its sole discretion. During the applicable Option Terms, Alector will provide to Adimab the opportunity to review any proposed abstracts, manuscripts or summaries of presentations that cover such results. Adimab will designate a person or persons who will be responsible for reviewing such publications. Such designated person will respond in writing promptly and in no event later than [***] after receipt of the proposed material with either approval of the proposed material or a specific statement of concern, based upon either the need to seek (i) patent protection or (ii) delete Adimab Confidential Information or (iii) concern regarding competitive disadvantage arising from the proposal. In the event of concern, during the applicable Option Terms, Alector agrees not to submit such publication or to make such presentation that contains such information until Adimab is given a reasonable period of time (not to exceed [***]) to seek patent protection for any material in such publication or presentation that it believes is patentable and that it has the right to patent, or to resolve any other issues, and, in any case, Alector will remove from such proposed publication any Confidential Information of Adimab as requested by Adimab.

ARTICLE 7

REPRESENTATIONS AND WARRANTIES.

7.1 Mutual. Each of Adimab and Alector hereby represents and warrants to the other of them that the representing and warranting Party is duly organized in its jurisdiction of incorporation; that the representing and warranting Party has the full power and authority to enter into this Agreement; that this Agreement is binding upon the representing and

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warranting Party; that this Agreement has been duly authorized by all requisite corporate action within the representing and warranting Party; and that the execution, delivery and performance by the representing and warranting Party of this Agreement and its compliance with the terms and conditions hereof does not and shall not conflict with or result in a breach of any of the terms and conditions of or constitute a default under (a) any agreement or other instrument binding or affecting it or its Affiliate or the property of either of them, (b) the provisions of its bylaws or other governing documents or (c) any order, writ, injunction or decree of any governmental authority entered against it or by which any of its property is bound.

7.2 Adimab. Adimab hereby represents, warrants and covenants to Alector that:

(a) As of the Effective Date Adimab has not granted or transferred, and during the term of the Agreement will not grant or transfer, any right or license to any Third Party relating to any of the Adimab Platform/Core Technology or Adimab Platform/Background Patents or Program Know-How, Program Inventions or Program Patents in a manner that would conflict with or narrow the scope of any of the rights or licenses granted to Alector hereunder (but this shall not be read to imply any obligation for Adimab to refrain from working on any particular target that Alector may propose to become a Target nor shall it imply any obligation for Adimab to obtain Control of any intellectual property not Controlled by Adimab as of the Effective Date or generated under the Collaboration).

(b) As of the Effective Date Adimab has not received written notice that it is in breach of any agreement to which it is a party that is necessary for the activities contemplated for Adimab to perform under this Agreement (to avoid doubt, including intellectual property in-licenses), to the extent rights or obligations under such agreement are pertinent to Alector's rights and obligations hereunder.

(c) As of the Effective Date there are no claims, judgments or settlements against or amounts with respect thereto owed by Adimab or any of its Affiliates relating to the Adimab Platform/Core Technology or Adimab Platform/Background Patents, except for any minor liens and encumbrances, amounts due under in-licenses, or issue or other prosecution-related fees due patent offices, in each case that arise in the ordinary course of business and that do not materially detract from Adimab's ability to grant licenses or rights to Alector as provided in this Agreement or to perform Adimab's obligations under this Agreement (including, in the case of in-licenses, that any amounts due are not the subject of any breach notice received by Adimab).

(d) Prior to the Effective Date, Adimab has through outside counsel conducted one (1) or more freedom to operate analyses with respect to Adimab Platform/Core Technology as then practiced by Adimab, and to Adimab's knowledge and belief as of the Effective Date, the practice of the Adimab Platform/Background Patents or Adimab Platform/Core Technology as practiced by Adimab as of the Effective Date does not infringe a valid, issued Patent owned by a Third Party; *provided*, *however,* that the following types of Patents are specifically excluded from such representation:

(i) Patents on the use or specific composition of the applicable antibody or Product;

(ii) Patents on the Product formulation;

(iii) Patents relating to any modification to an antibody made by or for (but other than for Alector by Adimab, excluding work by Adimab pursuant to any of the "optional" work that Alector may direct Adimab to perform in accordance with this Agreement, and without expressing any opinion as to the freedom-to-operate of any such "optional" work that may be agreed between the Parties in the Research Plans, but including any affinity maturation work by Adimab substantially in accordance with Adimab's standard SOPs and including evolution of cross-reactivity work by Adimab substantially in accordance with Adimab's standard SOPs) Alector or its Affiliate (including Patents relating to pegylation or other chemical modification);

(iv) Patents relating to activities performed by Alector or its Affiliate but not activities performed by Adimab;

(v) any antibody manufacturing- or production- (including expression-) related Patents;

(vi) Patents relating to the Target (including that so relate via any mechanism of action via interaction with the Target or claiming antibodies based on their interaction with the Target or their having been tested for their activity against the Target in a biological assay performed by Alector or its Affiliate); and

(vii) all other Patents that would allegedly apply (x) for any reason other than Covering the manner in which Adimab discovered the antibody based on Coverage of the Adimab Platform/Core Technology itself or its operation generally and (y) in a target-independent manner (i.e., that would apply regardless of target) and (z) independent of the identity, sequence or binding characteristics of any specific antibody.

(e) Beginning no sooner than three (3) months after the Effective Date and then as frequently as quarterly thereafter, during the Collaboration Term, Alector may request a meeting with Adimab's CEO to discuss whether there are any updates in the Third Party Patent landscape that would cause the representation and warranty of Section 7.2(d) to be untrue if given as of the date of the Alector request instead of as of the Effective Date. If Alector enters into a joint defense/community of interest agreement in form and substance acceptable to Adimab, then Adimab's CEO will meet with the CEO and/or a Board member of Alector to discuss the foregoing. The Parties will take care to include counsel in such discussions if and as they deem appropriate, and such discussions may take place in person or telephonically. All information disclosed pursuant to such a meeting shall be subject to the terms and conditions of the joint defense/community of interest agreement entered into by the Parties in advance of the first such meeting.

(f) To Adimab's knowledge, Adimab's conduct of the activities contemplated in the Research Program using the Adimab Platform/Core Technology will not misappropriate any trade secret of any Third Party (excluding, to be clear, any misappropriation associated with Alector's provision of the Alector Materials or any Know-How provided by Alector or used by Alector under the Collaboration).

(g) Adimab's obligations under the Collaboration will be performed with requisite care, skill and diligence, in accordance with applicable laws and industry standards, and by individuals who are appropriately trained and qualified.

7.3 Alector Covenant. Alector hereby represents, warrants and covenants to Adimab that there are and shall be no contractual or other restrictions on the use of Alector Materials (including any control antibodies that Alector will be providing to Adimab) as contemplated under this Agreement or any Research Plan that may be put in place under this Agreement, and the use of them under the Research Programs as contemplated in the applicable Research Plans will not breach any contract between Alector or its Affiliate and any Third Party, and as between the Parties Alector shall be solely responsible for any and all liabilities to Third Party(ies) for the use of the Alector Materials (including such antibodies) as contemplated in the Research Plans including any and all liability for or in connection with breach of contract (including interference with contractual relations), infringement, and the like.

7.4 DISCLAIMER OF WARRANTIES. OTHER MAN THE EXPRESS WARRANTIES OF SECTIONS 7.1, 7.2 AND 7.3, EACH PARTY DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR THAT ANY PRODUCTS DEVELOPED UNDER THIS AGREEMENT ARE FREE FROM THE RIGHTFUL CLAIM OF ANY THIRD PARTY, BY WAY OF INFRINGEMENT OR THE LIKE, OR THAT ANY PROGRAM PATENTS WILL ISSUE OR BE VALID OR ENFORCEABLE, OR THAT THE DEVELOPMENT, MANUFACTURE OR COMMERCIALIZATION OF ANY PRODUCT PURSUANT TO THIS AGREEMENT WILL BE SUCCESSFUL.

ARTICLE 8

INDEMNIFICATION

8.1 By Adimab. Adimab hereby agrees to indemnify, defend and hold harmless (collectively, "**Indemnify**") Alector, its Affiliates and its and their directors, officers, agents and employees (collectively, "**Alector Indemnitees**") from and against any and all liability, loss, damage or expense (including without limitation reasonable attorneys' fees) (collectively, "**Losses**") they may suffer as the result of Third Party claims, demands and actions (collectively, "**Third-Party Claims**") to the extent arising out of or relating to both (x) activities under this Agreement or a grant or exercise of rights granted under this Agreement and (y) any of (a) any material breach of any of Adimab's obligations under this Agreement or any breach (whether or not material) of a representation, warranty or covenant made by Adimab under Article 7; or (b) the negligence or

intentional misconduct of Adimab Indemnitees; except in each case to the extent of any Losses (i) attributable to the negligence or intentional misconduct of any Alector Indemnitee, (ii) arising out of or relating to any material breach of any of Alector's obligations under this Agreement, including any representation or warranty or covenant made by Alector under Article 7, or (iii) for which Alector is required to Indemnify Adimab pursuant to Section 8.2.

8.2 By Alector. Alector hereby agrees that it, its Affiliates and all Program Transaction counterparties shall Indemnify Adimab, its Affiliates and its and their directors, officers, agents and employees (collectively, "**Adimab Indemnitees**") from and against any and all Losses they may suffer as the result of Third-Party Claims to the extent arising out of or relating to both (x) activities under this Agreement or a grant or exercise of rights granted under this Agreement and (y) any of (a) any material breach of any of Alector's obligations under this Agreement or any breach (whether or not material) of a representation, warranty or covenant made by Alector under Article 7; (b) the negligence or intentional misconduct of Alector Indemnitees; (c) research, testing, development, manufacture, use, sale, distribution, licensing and/or commercialization of Licensed Antibodies and/or Products (or Program-Benefited Antibodies or products incorporating them) by or for Alector, its Affiliate or any entity deriving rights from any of them; (d) Target-related intellectual property (including Patents directed to antibodies based on their interaction with any Target); (e) Target-related or Alector Materials-related contractual obligations of Alector and its Affiliates; (f) intellectual property applying to any Program Antibody or Program-Benefited Antibody based on its sequence or other characteristics (it being understood and agreed in accordance with 7.2(d) that Adimab does not perform intellectual property searches on Program Antibodies (including sequence-based searches) and this is the responsibility of Alector); or (g) intellectual property relevant to any "optional" (as described in the last paragraph of Section 2.2(d)) activities identified in the Research Plan(s) (including any and all antibody humanization-related Patents but excluding Adimab's activities relating to affinity maturation or evolution of cross-reactivity); except in each case to the extent of any Losses (i) attributable to the negligence or intentional misconduct of any Adimab Indemnitee (*provided*, *however*, that this shall not be read or alleged by Alector to undermine the requirement to indemnify for Third-Party intellectual property as provided for in this Section 8.2), or (ii) arising out of or relating to any material breach of any of Adimab's obligations under this Agreement, including any representation, warranty or covenant made by Adimab under Article 7.

As regards Third Parties deriving rights from Alector or its Affiliate under this Agreement, it shall be sufficient that each such Third Party provide the foregoing indemnification solely with respect to the activities and scope of rights that are within the particular Third Party's scope of rights received from Alector or its Affiliate, not the activities of others independently deriving rights from Alector or its Affiliate.

8.3 Procedures. Each of the foregoing agreements to Indemnify is conditioned on the relevant Adimab Indemnitees or Alector Indemnitees (a) providing prompt written notice of any Third-Party Claim giving rise to an indemnification obligation hereunder, (b) permitting the indemnifying Party to assume full responsibility to investigate, prepare for and defend against any such Third-Party Claim, (c) providing reasonable assistance in the defense of such claim at the

indemnifying Party's reasonable expense, and (d) not compromising or settling such Third-Party Claim without the indemnifying Party's advance written consent. If the Parties cannot agree as to the application of the foregoing Sections 8.1 and 8.2, each may conduct separate defenses of the Third-Party Claim, and each Party reserves the right to claim indemnity from the other in accordance with this Article 8 upon the resolution of the underlying Third-Party Claim.

8.4 Limitation of Liability. EXCEPT TO THE EXTENT SUCH PARTY MAY BE REQUIRED TO INDEMNIFY THE OTHER PARTY UNDER THIS ARTICLE 8 (INDEMNIFICATION) OR AS REGARDS A BREACH OF A PARTY'S RESPONSIBILITIES PURSUANT TO ARTICLE 6 (CONFIDENTIALITY; PUBLICITY), NEITHER PARTY NOR ITS RESPECTIVE AFFILIATES SHALL BE LIABLE FOR ANY SPECIAL, INDIRECT, EXEMPLARY, CONSEQUENTIAL OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE EXERCISE OF ITS RIGHTS HEREUNDER, WHETHER IN CONTRACT, WARRANTY, TORT, STRICT LIABILITY OR OTHERWISE.

ARTICLE 9

TERM.

9.1 Term. The term of this Agreement shall commence on the Effective Date and shall expire upon (a) the expiration of the last Option (if it expires unexercised), or (b) if later, on a country-by-country basis on the expiration of the last Royalty Term for a Product in the particular country, in each case, unless earlier terminated by a Party as set forth below in this Article 9. On expiration under (b) in the particular country, the license of Section 3.3 for the corresponding Product and its Licensed Antibody shall automatically convert to be perpetual, irrevocable, non-exclusive and fully-paid in such country.

9.2 Material Breach.

(a) Either Party may terminate this Agreement for the material breach of this Agreement by the other Party, if such breach remains uncured [***] following notice from the non-breaching Party to the breaching Party specifying such breach; *provided*, *however,* that if cure of such breach cannot reasonably be effected within such [***] period, the breaching party may deliver to the non-breaching Party a plan reasonably calculated to cure such breach within a timeframe that is reasonably prompt in light of the circumstances then prevailing but in no event longer than an additional [***]. Following delivery of such a plan, the breaching Party will carry out the plan and cure the breach. If there is a good faith dispute as to the existence or cure of a breach or default pursuant to this Section 9.2, all applicable cure periods will be tolled during the existence of such good faith dispute and no termination for a breach which is disputed in good faith will become effective until such dispute is resolved pursuant to the process set forth in Section 10.2.

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(b) For Targets for which the Option has been exercised, the foregoing Section 9.2(a) applies on a Target basis if there is a material adverse effect of the breach on the rights and obligations under this Agreement with respect to such Target (and its associated Patents, Licensed Antibodies, and Products). Furthermore, if Alector is the breaching Party and the material adverse effect of the breach is limited to a given Target for which the corresponding Option has been exercised, then the termination shall be effective only as to the Target to which the uncured material breach relates (and its related Patents, Licensed Antibodies and Products). If the material breach has, or is reasonably likely to have, a material adverse effect only on the development, manufacture or commercialization of a Product in a particular jurisdiction or jurisdictions, then this Agreement shall not terminate with respect to such Product and associated Target in the Territory outside of such jurisdiction or jurisdictions, and the foregoing obligations shall only apply to the terminated jurisdiction or jurisdictions.

9.3 Elective Termination. Effective no sooner than the end of the Tail Period, Alector may terminate this Agreement in its entirety on three (3) months prior written notice to Adimab. Alector may also terminate this Agreement as to all Licensed Antibodies to a particular Target and all Products based on the terminated Licensed Antibodies by three (3) months prior written notice to Adimab. Such right to terminate on a Target basis shall be exercisable one (1) or more times (at different times for different Targets).

9.4 Survival in All Cases. Termination of this Agreement shall be without prejudice to or limitation on any other remedies available to nor any accrued obligations of either Party. In addition, Sections 2.4(c) (except that Section 2.4(c) shall not survive termination by Adimab under Section 9.2 for Alector's uncured material breach), 2.5(a), 2.5(c) (to the extent that Alector retains rights to any Program-Benefited Antibodies pursuant to Section 9.5), 2.6, 2.7, 2.9 (except that Section 2.9 shall not survive termination by Adimab under Section 9.2 for Alector's uncured material breach), 3.5 (to the extent that Alector retains rights to any Program-Benefited Antibodies pursuant to Section 9.5), 4.3 through 4.16 (with respect to payment obligations outstanding as the effective date of termination or expiration; with respect to any Program-Benefited Antibodies that Alector retains rights to pursuant to Section 9.5; and in the case of Section 4.3(g), payment obligations for Epitope Patent-Only Transactions after the date of termination or expiration shall continue to accrue for the life of the Epitope Patents), 5.1, 5.2(a), 5.2(b)(iii), 5.4(a) and (d), 7.3, and 7.4 and Articles 1 (to the extent the definitions in such Article are relevant to other surviving provisions of this Agreement or a covenant is contained in such Article), 6, 8, 9 and 10 shall survive any expiration or termination of this Agreement. Further, upon termination of this Agreement by either Party under Section 9.2 or 9.3, then Alector and its Affiliates will no longer develop or commercialize any Licensed Antibody or Product (subject to Section 9.2(b) for partial terminations, which for clarity shall similarly apply, *mutatis mutandis*, to a partial termination under Section 9.3).

9.5 Certain Consequences of Termination. If this Agreement expires or terminates in its entirety (other than an expiration under Section 9.1 following an Option exercise after all Royalty Terms have expired ("**Full Payment Term Expiration**")), or in part (e.g., only in certain jurisdictions or only in connection with certain Targets), Alector hereby covenants that unless Alector agrees in writing to pay Adimab payments as set forth in Article 4 with respect to products containing a Program-Benefited Antibody as if such products were Products (and as to related transactions as if they were Program Transactions), Alector and its Affiliates shall not (a) develop or commercialize such Program-Benefited Antibody or product containing such Program-Benefited Antibody, (b) license or otherwise grant rights to any entity to do the foregoing, or (c) practice, license or assign to a Third Party, option to a Third Party or covenant not to sue a Third Party with respect to such Program-Benefited Antibody. In the event that Alector agrees to pay Adimab payments as set forth in Article 4 with respect to products containing a Program-Benefited Antibody as if such products were Products (and as to related transactions as if they were Program Transactions), then Adimab shall agree to a covenant not to sue Alector with respect to such products and transactions as set forth in Section 3.5(b). Other than after a Full Payment Term Expiration, if Alector has elected under Section 5.1 to include dependent program antibody CDR-specific claims (i.e., a patent claim that would be a Program Antibody CDR-Specific Claim but for being a dependent claim) in any Broad Target/Non-CDR Antibody Patent, then Alector shall not include such dependent claim(s) in any license granted under such Broad Target/Non-CDR Antibody Patent.

9.6 Survival of Sublicenses. In the event that the licenses granted to Alector under this Agreement are terminated, any granted sublicenses to Program Transaction counterparties (to avoid doubt, granted to Third Parties, not Alector Affiliates) will remain in full force and effect; *provided*, that the sublicensee is not then in breach of its Program Transaction agreement and the Program Transaction counterparty agrees to be bound to Adimab as a licensor under the terms and conditions of the Program Transaction agreement (including payment obligations), without imposing any greater obligation on Adimab than imposed on Adimab under this Agreement. Adimab will enter into appropriate agreements or amendments to the Program Transaction agreement to substitute itself for Alector as the licensor thereunder. Regardless of any prior Royalty Election or Revenue Election made by Alector, upon the effective date of such termination the Revenue Election shall apply to any Program Transaction to which Adimab becomes a party under this Section, and the provisions of Sections 4.3(c), (d), (e), (f) and (g) and Section 4.4 shall apply *mutatis mutandis* to require Adimab to make payments to Alector with respect to such Program Transaction in the same amounts and in relation to the same revenues and sales as such Sections of the Agreement provide for Alector to pay Adimab with respect to Program Transactions subject to the Revenue Election; *provided*, *however*, that Adimab may apply, as a credit against any future payments Adimab is required to make to Alector under this Agreement, up to [***] percent ([***]%) of the amount ("**Adimab True-up Amount**") equal to (i) [***] percent ([***]%) of the total amount of any [***] or [***], as the case may be, received by Alector in respect of such Program Transaction under this Agreement prior to the effective date of termination, less (ii) [***]. To avoid doubt, Adimab is not required to assume any greater obligations to the Program Transaction counterparty than Adimab's obligations to Alector under this Agreement, other than the obligation to provide a sublicense under the license to Adimab of Section 9.5 under any Broad Target/Non-CDR Antibody Patents.

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9.7 Bankruptcy. All licenses and rights to licenses granted under or pursuant to this Agreement by Adimab to Alector are, and will otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code (the "**Bankruptcy Code**"), licenses of rights to "intellectual property" as defined under Section 101(35A) of the Bankruptcy Code. The Parties agree that Alector, as a licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code. The parties further agree that that upon commencement of a bankruptcy proceeding by or against Adimab under the Bankruptcy Code, Alector will be entitled to a complete duplicate of, or complete access to (as Alector deems appropriate), all such intellectual property and all embodiments of such intellectual property. Such intellectual property and all embodiments of such intellectual property will be promptly delivered to Alector (a) upon any such commencement of a bankruptcy proceeding and upon written request by Alector, unless Adimab elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under (a) above, upon the rejection of this Agreement by or on behalf of Adimab and upon written request by the Alector. Adimab (in any capacity, including debtor-in-possession) and its successors and assigns (including any trustee) agrees not to interfere with the exercise by Alector or its Affiliates of its rights and licenses to such intellectual property and such embodiments of intellectual property in accordance with this Agreement, and agrees to assist Alector and its Affiliates in obtaining such intellectual property and such embodiments of intellectual property in the possession or control of Third Parties as reasonably necessary or desirable for Alector to exercise such rights and licenses in accordance with this Agreement. The foregoing provisions are without prejudice to any rights Alector may have arising under the Bankruptcy Code or other applicable law. Notwithstanding the foregoing in this Section 9.7, nothing in this Section 9.7 shall be read to entitle Alector to obtain disclosure of or access to Adimab Platform/Core Technology (including Adimab Platform/Core Technology Improvements), whether or not as an "embodiment," "update," or otherwise, at any time, and Alector shall not under any circumstances notwithstanding anything express or implied in this Agreement be entitled to disclosure of Adimab Platform/Core Technology (including Adimab Platform/Core Technology Improvements).

ARTICLE 10

MISCELLANEOUS.

10.1 Independent Contractors. The Parties shall perform their obligations under this Agreement as independent contractors. Nothing contained in this Agreement shall be construed to be inconsistent with such relationship or status. This Agreement and the Parties' relationship in connection with it shall not constitute, create or in any way be interpreted as a joint venture, fiduciary relationship, partnership or agency of any kind.

10.2 Dispute Resolution.

(a) Escalation. Either Party may refer any dispute in connection with this Agreement to senior executives of the Parties (for Adimab, an Officer or Board member who is not an Officer, Board member or stockholder in Alector or representing a fund that is a stockholder in Alector and for Alector, an Officer or Board member who is not an Officer, Board member or stockholder in Adimab or representing a fund that is a stockholder in Adimab) for good-faith discussions over a period of not less than [***] (the "**Senior Executives Discussions**"). Each Party will make its executives reasonably available for such discussions. If the Parties are unable to resolve the dispute through the Senior Executives Discussions within such [***], then either Party may proceed to seek arbitration of the matter.

(b) Arbitration.

(i) Any Dispute referred for arbitration shall be finally resolved by binding arbitration in accordance with the most applicable rules of the American Arbitration Association ("**AAA**") and judgment on the arbitration award may be entered in any court having jurisdiction.

(ii) The arbitration shall be conducted by a panel of three (3) arbitrators with at least five (5) years' experience in the business of biopharmaceuticals. If the issues in dispute involve scientific, technical or commercial matters, then any arbitrator chosen under this Agreement shall have educational training and industry experience sufficient to demonstrate a reasonable level of relevant scientific, technical and commercial knowledge as applied to the pharmaceutical industry. If the issues in dispute involve patent matters, then at least two (2) of the arbitrators shall

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be a licensed patent attorney. Within [***] after a Party demands arbitration, each Party shall select one person to act as arbitrator, and the two Party-selected arbitrators shall select a third arbitrator within [***] after their own appointment. If the arbitrators selected by the Parties are unable or fail to agree upon the third arbitrator, then the third arbitrator shall be appointed by the AAA. The seat of arbitration shall be New York, New York. All proceedings and communications as part of the arbitration shall be in English. Following selection of the third arbitrator, the arbitrators shall use all reasonable efforts to complete the arbitration proceedings and render an award within six (6) months after the last arbitrator is appointed.

(iii) Each Party shall bear its own costs and expenses and attorneys' fees and an equal share of the arbitrators' fees and any administrative fees or arbitration, unless in each case the arbitrators agree otherwise, which they are hereby empowered, authorized and instructed to do if they determine that to be fair and appropriate.

(iv) Except to the extent necessary to confirm an award or as may be required by law, regulation, or the requirement of any exchange on which a Party's shares are traded, neither Party shall disclose the existence, content or results of an arbitration under this Agreement without the prior written consent of the other Party.

10.3 Governing Law and Venue. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York without giving effect to principles of conflicts of laws that would require the application of any other law; *provided*, *however*, that matters of intellectual property law will be determined in accordance with the United States federal law. Any and all judicial resolutions of disputes in connection with this Agreement shall be in federal court located within any of the boroughs of New York City, New York, and each Party hereby consents to the jurisdiction and venue of such courts, and waives all defenses it may have to such jurisdiction and venue, including that the court cannot assert personal jurisdiction over the defendant and *forum non conveniens.*

10.4 Entire Agreement. This Agreement (including its Exhibits) sets forth all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties with respect to the subject matter hereof and supersedes and terminates all prior agreements and understandings between the Parties with respect to such subject matter (including that certain Mutual Confidential Disclosure Agreement between the Parties dated 8 March 2011). No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by the respective authorized officers of the Parties.

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

10.5 Assignment. Neither Party may assign in whole or in part this Agreement without the advance written consent of the other Party, except as set forth in the following sentence. Either Party may assign this Agreement in its entirety to the successor to all or substantially all of its stock or assets to which this Agreement relates in connection with its merger with, or the sale of all or substantially all of its stock or assets to which this Agreement relates, to another entity, regardless of the form of the transaction. In addition, Adimab may assign this Agreement, or any of its rights under this Agreement, in connection with the sale of, monetization of, transfer of, or obtaining financing on the basis of the payments due to Adimab under this Agreement or debt or project financing in connection with this Agreement. Also, Alector may assign its rights and obligations under this Agreement on a Target-by-Target basis, at any time after Option exercise for the particular Target, to any entity to which Alector assigns all or substantially all of its assets with respect to such Target (and its related Patents, Licensed Antibodies and Products); *provided* that, to avoid any ambiguity as to what rights and obligations are being assigned, Adimab shall be entitled to require before the closing of such transaction that a separate document be created and signed between the Parties addressing solely the rights and obligations in relation to such Target (and its related Patents, Licensed Antibodies and Products) and it shall be only the rights and obligations set forth in such separate document that shall be assigned in the transaction. In addition, upon written request by Alector at any time during the term of this Agreement, a separate document will be created and signed between the Parties addressing solely the rights and obligations in relation to a Target (and its related Know-How, Patents, Licensed Antibodies, Program-Benefited Antibodies and Products), and such Target shall no longer be subject to this Agreement. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns. Any assignment of this Agreement not made in accordance with this Agreement is prohibited hereunder and shall be null and void.

10.6 Severability. If one or more of the provisions in this Agreement are deemed unenforceable by law, then such provision shall be deemed stricken from this Agreement and the remaining provisions shall continue in full force and effect.

10.7 Force Majeure. Both Parties shall be excused from the performance of their obligations under this Agreement to the extent that such performance is prevented by a Force Majeure (defined below) and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse shall be continued so long as the condition constituting Force Majeure continues and the nonperforming Party takes reasonable efforts to remove the condition, but no longer than six (6) months. For purposes of this Agreement, "**Force Majeure**" means conditions beyond a Party's reasonable control or ability to plan for, including acts of God, war, terrorism, civil commotion, labor strike or lock-out; epidemic; failure or default of public utilities or common carriers; and destruction of production facilities or materials by fire, earthquake, storm or like catastrophe; *provided*, *however*, the payment of invoices due and owing under this Agreement shall not be excused by reason of a Force Majeure affecting the payor.

10.8 Notices. Any notice required or permitted to be given under this Agreement shall be in writing, shall specifically refer to this Agreement and shall be deemed to have been sufficiently given for all purposes if (a) mailed by first class certified or registered mail, postage prepaid, (b) delivered by express delivery service, (c) personally delivered, or (d) transmitted by facsimile with proof of completed transmission and which notice by facsimile shall be followed reasonably promptly by an additional notice pursuant to one of clause (a), (b) or (c) above. Unless otherwise specified in writing, the mailing addresses of the Parties shall be as described below. Alector will provide its facsimile number by written notice within [***] after the Effective Date.

If to Adimab:

Adimab, Inc.

[***]

with a required copy to each of:

Attention: General Counsel at the same address.

If to Alector:

953 Indiana Street

San Francisco, CA 94107

Attention: CEO

10.9 Construction. This Agreement has been prepared jointly and shall not be strictly construed against either Party. Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision.

10.10 Headings. The headings for each article and section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on, nor to be used to interpret, the meaning of the language contained in the particular article or section.

10.11 No Waiver. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such Party's rights to the subsequent enforcement of its rights under this Agreement, excepting only as to an express written and signed waiver as to a particular matter for a particular period of time executed by an authorized officer of the waiving Party.

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10.12 Performance by Affiliates. A Party may perform some or all of its obligations under this Agreement through Affiliate(s) or may exercise some or all of its rights under this Agreement through Affiliates. Each Party shall remain responsible and be guarantor of the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. In particular and without limitation, all Affiliates of a Party that receive Confidential Information of the other Party pursuant to this Agreement shall be governed and bound by all obligations set forth in Article 6, and shall (to avoid doubt) be subject to the intellectual property assignment and other intellectual property provisions of Article 5 as if they were the original Party to this Agreement (and be deemed included in the actual Party to this Agreement for purposes of all intellectual property-related definitions). A Party and its Affiliates shall be jointly and severally liable for their performance under this Agreement.

10.13 Counterparts. This Agreement may be executed in one or more identical counterparts, each of which shall be deemed to be an original, and which collectively shall be deemed to be one and the same instrument. In addition, signatures may be exchanged by facsimile or PDF.

[remainder of page intentionally blank]

IN WITNESS WHEREOF, the Parties have by duly authorized persons executed this Agreement as of the date first written above.

ALECTOR, LLC:

Sign: /s/ Arnon Rosenthal PhD
Print Name: Arnon Rosenthal
Title: CEO
Date: September 20, 2016

AMMAR, LLC:

Sign: /s/ Tillman Gerngross
Print Name: Tillman Gerngross
Title: CEO
Date: September 19, 2016

EXHIBITS LIST

A – RESEARCH OVERVIEW

B – RESEARCH PLAN

C – FORM OF QUESTIONNAIRE

D – JOINT PRESS RELEASE

EXHIBIT A

RESEARCH OVERVIEW

Alector is combining state-of-the-art antibody technology and recent discoveries in neuroimmunolgy and human genetics to develop novel therapeutics for Alzheimer’s disease, other forms of dementia, and mechanistically related neurodegenerative disorders.

EXHIBIT B

RESEARCH PLAN

Research Materials Provided by Partner

[***]

QC of Research Materials Provided by Partner

[***]

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Selection and Characterization of Human Antibodies Binding To Target (Part I)

[***]

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Adimab Deliverables
(Completion of Part I)

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Antibody Optimization
(Part II)

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

Adimab Deliverables
(Completion of Part II)

[***]

*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

EXHIBIT C

FORM OF QUESTIONNAIRE

Partner Completed Target Questionnaire

Information you are able to provide about your target will help Adimab design a customized selection strategy and detailed work plan. This will ultimately allow Adimab to deliver antibodies that fit your desired properties.

Overview

The primary factors that determine the successful outcome of an IgG library screen are

(i) the quality of the antibody library

(ii) the quality and consistency of the antigens used in the selection process

While Adimab has taken extensive steps to ensure the quality of its libraries, the antigen used to interrogate our library is provided by the Partner and must be properly characterized to meet screening requirements. Adimab has compiled the following set of criteria to help ensure the quality of the antigen(s) used in the selection process which will ultimately lead to a successful campaign. Any additional information the Partner can provide relating to your antigen is valuable. When multiple forms of the antigen are available, and are used in the selection, it increases the potential success of the campaign. As an example, an RTK-ECD can be supplied as both an Fc-fusion protein and as a tagged monomeric protein, or produced and purified using preferred host expression systems and purification tags.

Target: (sample answers provided below in blue)

- **What is the nature of your target (e.g., extracellular domain of a membrane protein)?**
- [***]
- **Does your target protein have an affinity tag?**
  - **If yes, what tag?**
  - [***]
- **Are you aware of any post-translational modification to your target protein (e.g., N-glycosylation, O-glycosylation or phosphorylation)?**

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- [***]
- **Is your target a chimeric protein (e.g., Fc-fusion protein)?**
- [***]
- **Does your target protein interact with other proteins or form complexes?**
- [***]
- **Does your target exist naturally as a monomer, dimer, trimer, etc.?**
- [***]
- **Is your target available in multiple formats (e.g., monomeric, dimeric, multiple tags, etc.)?**
- [***]
- **How stable is your target protein (e.g., stability @ 4°C, freeze thaw cycle data)?**
- [***]
- **Do you have access to 10 nmol quantities (e.g., ~1 mg of 75 kDa protein) of your target protein?**
- [***]
- **Do you have cell-based or other assays to determine the bioactivity of your target?**
- [***]
- **Is cross-reactivity of your final antibody essential (e.g., cross-reactivity to murine, cynomolgus or macaque target)?**
    - **If yes, what is the homology between antigens?**
    - [***]
- **Is it a cell surface target?**
    - **If yes, do you have a cell line over-expressing your target?**
    - [***]
    - **If yes, is it an adherent or suspension cell line?**
    - [***]
    - **Do you have a negative control cell line?**
    - [***]

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Mode of action

- **Could you describe the profile of your "ideal antibody" (e.g., affinity, specificity, mechanism of action, expressability, etc.)?**
- [***]
- **Do you wish to disrupt a protein-protein interaction (e.g., a receptor-ligand interaction or dimerization)?**
- [***]
- **Do you have an existing antibody (murine or other) that binds to your target?**
  - **If yes, does the antibody have the "biology" you are looking for?**
  - [***]
- **Are you looking to discover an antibody against a known epitope?**
- [***]
- **Can you describe the desired biological mode of action for the antibodies to be discovered?**
- [***]
- **What in vitro and in vivo screening assays are you planning to do in-house with purified IgGs discovered by Adimab?**
- [***]
- **Is ADCC expected to be important?**
- [***]
- **mAb format desired**
- [***]

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Deliverables and QC of Materials Provided to Adimab

Example: For a program directed against a RTK target, Partner delivers:

[***]

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Partner provides QC package

QC of native and biotinylated antigen will be performed by Partner. Data package to be reviewed by Adimab prior to receiving the materials.

[***]

Adimab Recommendation

[***]

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EXHIBIT D

PRESS RELEASE

Adimab Announces New Partnerships
with XXXX, XXXX, and Alector

Continues Partnering Streak with Smaller Companies as well as Big Pharma

Lebanon, NH – [DATE] – Adimab, LLC, a leader in discovery of monoclonal and bispecific antibodies, today announced collaborations with XXXX, XXXX, and Alector, LLC. All three collaborations are structured as funded discovery deals whereby each partner will provide multiple targets to Adimab for the discovery and optimization of therapeutic monoclonal and bispecific antibodies.

"Adimab is focused on partnering with the best drug developers in the world, whether they are major pharmaceutical companies or smaller biotech companies," said Tillman Gerngross, Co-Founder and Chief Executive Officer of Adimab. "We try to be flexible in structuring partnerships to ensure that we can work with the smartest and most experienced teams that are well positioned to take advantage of Adimab's unique capabilities. XXXX, XXXX, and Alector are good examples of that."

This enthusiasm is echoed by Adimab's newest partners.

"We view Adimab as a leader in the field in antibody discovery and having access to their technology will enhance XXXX's ability to rapidly advance the discovery and development of novel XXXX," said XXXX, XXXX of XXXX. "Adimab's flexibility in structuring the transaction allowed us to take advantage of their world-class technology under terms that work well for a company of our size."

"XXXX is looking forward to leveraging the speed and quality of Adimab's antibody discovery platform, and we expect to quickly develop multiple therapeutic programs from this partnership," said XXXX, XXXX of XXXX. "The ability to access Adimab's capabilities for IgG discovery, optimization and bispecifics, all within one partnership, is fantastic for us."

"Adimab has proven that its antibody discovery and optimization platform has significant advantages over all of the alternative approaches," said Arnon Rosenthal, Co-Founder, CEO and President of Alector. "We are thrilled to be leveraging the speed and flexibility of the Adimab platform as we explore novel biology in the neuro-degenerative space."

Under the terms of each of these three agreements, Adimab will use its proprietary discovery and optimization platform to identify fully human antibodies and bispecifics for its customers. These agreements generally grant Adimab's partners the right to develop and commercialize antibodies and bispecifics generated during the collaboration for potential use as therapeutic products. Adimab's partners will typically fund research at Adimab and have the option to exclusively license antibodies and bispecifics generated during the collaboration. While the terms of individual agreements may vary, if a partner exercises its option for a particular target, Adimab would usually receive license fees, clinical milestones and royalties on therapeutic product sales.

Over the past four years, Adimab has established numerous partnerships with leading pharmaceutical companies, including Merck, Roche, Novartis, Eli Lilly, Genentech, Biogen Idec, Novo Nordisk, Human Genome Sciences, Gilead, Kyowa Hakka Kirin, GSK, and Celgene. Adimab's partnerships range from single-target funded discovery projects to larger multi-target funded discovery collaborations. In addition, in 2013, Adimab began rolling out its technology transfer program, which allows pharmaceutical companies to obtain Adimab's antibody discovery platform and custom antibody libraries for internal use. Early adopters of Adimab's technology transfer program include GSK, Biogen Idec, and Novo Nordisk. These collaborations focus on antibody discovery, optimization, humanization, and bispecifics for therapeutic products.

_____

About Adimab

Adimab's integrated antibody discovery and optimization platform provides unprecedented speed from antigen to purified, full-length human IgGs. Adimab offers fundamental advantages by delivering diverse panels of therapeutically relevant antibodies and bispecifics that meet the most aggressive standards for affinity, epitope coverage, species cross-reactivity and developability. Adimab enables its partners to rapidly expand their biologics pipelines through a broad array of technology access arrangements. For more information, visit http://www.adimab.com.

THERAPIES TO REMEMBER
ALECTOR

October 1, 2017

Adimab, LLC
7 Lucent Drive
Lebanon, NH 03766
Attn: Tillman U. Gerngross, PhD, CEO

Dear Dr. Gerngross:

This letter both confirms the understanding of Adimab, LLC ("Adimab") and Alector, LLC ("Alector", and together with Adimab, the "Parties") regarding certain provisions of the Third Amended and Restated Collaboration Agreement dated September 19, 2016 by and between the Parties (the "Agreement") and amends the Agreement. Capitalized terms used in this letter and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

As we have discussed, Alector and AbbVie Biotechnology, Ltd. ("AbbVie") intend to enter into a Program Transaction pursuant to which Alector and AbbVie shall collaborate to develop and commercialize certain Licensed Antibodies to CD33 or TREM2 and products incorporating such antibodies ("AbbVie Program Transaction"). Adimab agrees that by Alector entering into the AbbVie Program Transaction, AbbVie will be a sublicensee entitled to the benefit of Section 9.6 of the Agreement. Adimab further agrees that making, using, selling, offering to sell and importing Licensed Antibodies to CD33 or TREM2 and products incorporating such antibodies, in each case for human and non-human diagnostic, prophylactic, and therapeutic uses, is within the scope of the license to Patents and Know-How granted to Alector in Section 3.3.

Additionally, in connection with the AbbVie Program Transaction, Adimab agrees:

(i) to waive with respect to AbbVie, its affiliates and sublicensees the requirement under Section 3.3(b) that the sublicensee(s) at each tier indemnify Adimab on the same basis as provided for in Article 8 and the accompanying requirement that Adimab be named a third-party beneficiary with respect to such indemnities. For clarity, Alector shall remain liable for the activities of AbbVie, its affiliates and sublicensees under the indemnity provided by Alector under Section 8.2;

(i) notwithstanding anything to the contrary in Section 5.7 of the Agreement, Alector or its designee shall have the sole right, but not the obligation, to enforce the Licensed Program Antibody Patents against any License-Competitive Infringement, and to determine in their sole discretion the terms of any settlements which they may elect to enter into with respect thereto and the Parties further acknowledge that terms of subsections 5.7(a)(ii), 5.7(b) and 5.7(c) shall not apply in such cases. Adimab shall cooperate fully with Alector or its designee in any such enforcement action, including being joined as a party plaintiff if necessary to obtain standing for such action. As between the Parties, Alector shall bear all costs and expenses for enforcement (including the reasonable costs of Adimab's cooperation as set forth herein, which Alector shall be responsible for on a pass-through basis); and

(iii) notwithstanding anything to the contrary in Section 5.8 of the Agreement, with respect to any monetary damages recovered by Alector or its designee (including AbbVie) from a Third Party in an enforcement of Licensed Program Antibody Patents against any License-Competitive Infringement under the AbbVie Program Transaction, such recovery shall be allocated first to the reimbursement of any costs and expenses incurred by Alector or its designee (including, for this purpose, a reasonable allocation of expenses of internal counsel or other personnel acting in such capacity (i.e., coordination of litigation matters and the like)), to the extent not previously reimbursed, and any remaining amounts (the "Remainder") shall be distributed as follows: (i) in the event that Alector has opted out of its right to share profits with AbbVie under the AbbVie Program Transaction, then Adimab shall share equally with Alector the portion of such Remainder to which Alector is entitled under the AbbVie Program Transaction, and (ii) in the event that Alector has not opted out of its right to share profits with AbbVie under the AbbVie Program Transaction, then Adimab shall be entitled to twenty-five percent (25%) of the Remainder.

Finally, the Parties hereby amend the Agreement by deleting Section 5.4(c)(i) in its entirety and replacing it with the following:

> "(i) Alector will use Commercially Reasonable Efforts to prepare, file and prosecute such Licensed Program Antibody Patents. Alector shall not be entitled, in such Licensed Program Antibody Patents, to seek claims directed to Program Antibodies other than Licensed Antibodies. Notwithstanding Section 5.4(b)(i), Alector or its designee shall have right to control, at its sole discretion, the preparation, filing and prosecution of all patent applications within such Licensed Program Antibody Patents and all correspondence related thereto. Alector agrees to provide Adimab a reasonable opportunity to review and comment on drafts of any material filings or responses to be made to applicable patent authorities together with material correspondence from such patent authorities related thereto, and shall consider in good faith Adimab's timely submitted requests and suggestions with respect such filings and responses."

Please confirm Adimab's agreement and acceptance of the terms of this letter by signing this letter on the appropriate signature line below and return an original signed and dated copy of this letter to me. The terms of this letter will become effective on the date of your signature set forth below. If you have any questions or comments, please do not hesitate to contact me. Thank you.

Best Regards,

/s/ Arnon Rosenthal PhD
Arnon Rosenthal PhD
CEO, Alector

Agreed and accepted by Adimab, LLC:

/s/ Tillman U. Gerngross, PhD
Tillman U. Gerngross, PhD
CEO

Adimab, LLC

10/4/17
Date

Exhibit 10.16

SPECIFIC TERMS IN THIS EXHIBIT HAVE BEEN REDACTED BECAUSE CONFIDENTIAL TREATMENT FOR THOSE TERMS HAS BEEN REQUESTED. THE REDACTED MATERIAL HAS BEEN SEPARATELY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE TERMS HAVE BEEN MARKED AT THE APPROPRIATE PLACE WITH THREE ASTERISKS [***].

CO-DEVELOPMENT AND OPTION AGREEMENT

between

ALECTOR, INC.

and

ABBVIE BIOTECHNOLOGY, LTD.

Dated as of October 16, 2017

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*** Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

CO-DEVELOPMENT AND OPTION AGREEMENT

This Co-Development and Option Agreement (this "**Agreement**") is made and entered into effective as of October 16, 2017 (the "**Execution Date**") by and between Alector, Inc. (f/k/a Alector LLC), a Delaware corporation ("**Licensor**"), and AbbVie Biotechnology, Ltd., a Bermuda limited company ("**AbbVie**"). Licensor and AbbVie are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, Licensor has developed certain Licensed Antibodies (as defined herein) and Controls (as defined herein) certain intellectual property and other rights with respect to such Licensed Antibodies in the Territory (as defined herein); and

WHEREAS, Licensor wishes to grant an option to a license to AbbVie, and AbbVie wishes to take, such option to a license with respect to Licensed Antibodies under Licensor's intellectual property and other rights therein, for purposes of developing and commercializing Licensed Products (as defined herein) in the Territory, in each case in accordance with the terms and conditions set forth below.

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

ARTICLE 1.
DEFINITIONS

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

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

1.2 "**AbbVie Background Know-How**" means all Information that is (a) Controlled by AbbVie or any of its Affiliates on the Execution Date or at any time during the Term, (b) not generally known, (c) developed or invented outside the scope of this Agreement, and (d) either used by AbbVie or provided by AbbVie for use in the Development, Manufacture, or Commercialization of a Licensed Antibody or a Licensed Product.

1.3 "**AbbVie Background Patents**" means all Patents that are (a) Controlled by AbbVie or any of its Affiliates on the Execution Date or at any time during the Term, (b) developed or invented outside the scope of this Agreement, and (c) covering subject matter either used by AbbVie or provided by AbbVie for use in the Development, Manufacture, or Commercialization of a Licensed Antibody or a Licensed Product.

1.4 "**AbbVie Competing Product**" has the meaning set forth in Section 5.10.2(a).

1.5 [***]

1.6 [***]

1.7 "**AbbVie Incorporated Background Know-How**" has the meaning set forth in Section 12.8.1(d).

1.8 "**AbbVie Indemnitees**" has the meaning set forth in Section 11.2.

1.9 "**AbbVie Independent New Technology**" means New Technology which AbbVie or its Affiliates has either acquired from a Third Party or developed outside the Collaboration Program without use or reference to the Confidential Information of Licensor, and which the Parties agree in writing will be applied to a Licensed Product as part of the Development Program (which writing specifically references this Section 1.9).

1.10 "**AbbVie Opt In**" has the meaning set forth in Section 3.3.4.

1.11 "**AbbVie Opt In Exercise Date**" has the meaning set forth in Section 3.3.4.

1.12 "**AbbVie Opt In Product**" means a Licensed Product for which AbbVie has exercised the AbbVie Opt In.

1.13 "**AbbVie Program Know-How**" means all Information and inventions that are, as between the Parties, conceived, discovered, developed, or otherwise made solely by or on behalf of AbbVie, its Affiliates or their Sublicensees or subcontractors as a result of performance of this Agreement. AbbVie Program Know-How expressly excludes AbbVie Background Know-How and Joint Program Know-How.

1.14 "**AbbVie Program Patents**" mean all Patents that claim inventions that, as between the Parties, are conceived, discovered, developed, or otherwise made solely by or on behalf of AbbVie, its Affiliates or their Sublicensees or subcontractors as a result of performance of this Agreement. AbbVie Program Patents expressly exclude AbbVie Background Patents and Joint Program Patents.

1.15 "**Accounting Standards**" means, with respect to a Party, that such Party shall maintain records and books of accounts in accordance with United States Generally Accepted Accounting Principles, consistently applied.

1.16 "**Acquirer**" has the meaning set forth in Section 13.2.1(a).

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

1.18 "**Additional Development Costs**" has the meaning set forth in Section 6.5.2(b)(i).

1.19 "**Additional Indication**" means, with respect to the Licensed Antibodies and Licensed Products, [***].

1.20 "**Additional Licensor Development Activities**" has the meaning set forth in Section 3.3.1.

1.21 "**Additional Repayment Amount**" has the meaning set forth in Section 3.7.1(e).

1.22 "**Adimab Agreement**" has the meaning set forth in Schedule 1.90.

1.23 "**Adimab Applications**" has the meaning set forth in Section 10.2.5.

1.24 "**Adjusted Royalty Rate**" has the meaning set forth in Section 6.5.2(a).

1.25 "**ADR**" has the meaning set forth in Section 13.7.1.

1.26 "**Adverse Ruling**" has the meaning set forth in Section 12.2.

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

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

1.29 "**Alliance Manager**" has the meaning set forth in Section 2.4.5.

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1.30 "**Allowable Expenses**" means, subject to the other provisions of this Agreement, the following expenses incurred by or on behalf of [***]. For clarity, it is understood that Allowable Expenses shall (x) include [***], and (y) exclude [***]. To the extent that any activity is conducted [***].

1.31 [***].

1.32 "**Amount**" has the meaning set forth in Section 6.9.

1.33 "**Antibody(ies)**" means an immunoglobulin (Ig) molecule, or other composition comprising an amino acid based structure, in each case that binds or incorporates one or more moieties capable of binding CD33 or Trem2, including any such composition containing a scaffold based on an Ig molecule or a fragment, alternative form or derivative thereof, or any other amino acid containing structures such as a camelid nanobody, Affibody molecules, Affilins, Affimers, Affitins, Alphabodies, Anticalins, Avimers, DARPins, Fynomers, Kunitz domain peptides, Monobodies, nanoCLAMPs, Z domain of Protein A, Gamma-B crystallin, Ubiquitin, Cystatin, Sac7d, Triple helix coiled coil, Lipocalins, A domains of membrane receptors, Ankyrin repeat motif, SH3 domain of Fyn, Kunitz domains of protease inhibitors, 10th type III domain of fibronectin, Carbohydrate Binding Module 32-2), in each case that bind or incorporate one or more moieties capable of binding CD33 or Trem2. Notwithstanding the foregoing, Antibodies shall exclude synthetic chemical compositions with a molecular weight of less than 500 daltons (and which are not linked to or otherwise contained within a larger composition of greater than 500 daltons).

1.34 "**Antitrust Approvals**" has the meaning set forth in Section 12.1.2.

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

1.36 "**Audit Arbitrator**" has the meaning set forth in Section 6.14.

1.37 "**Bankruptcy Code**" has the meaning set forth in Section 12.7.1.

1.38 "**Base Royalty Rate**" has the meaning set forth in Section 6.5.1.

1.39 "**Biosimilar Application**" has the meaning set forth in Section 7.3.3.

1.40 "**Biosimilar Competition**" has the meaning set forth in Section 6.5.4(a).

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1.41 "**Biosimilar Product**" means, on a country-by-country basis, a biologic product determined by the FDA or other Regulatory Authority outside of the United States to be biosimilar or interchangeable with a Licensed Product under Applicable Law. A Licensed Product licensed, marketed, sold, manufactured, or produced by AbbVie, its Affiliates or Sublicensees will not constitute a Biosimilar Product. For clarity, any product referencing to a Licensed Product and approved under any of the following laws shall be considered a Biosimilar Product: 42 USC 262(k) or other analogous or successor Applicable Laws inside or outside of the United States, the Drugs and Cosmetics Act of India (1940), the Central Drugs Standard Control Organization's Guidelines on Similar Biologics: Regulatory Requirements for Marketing Authorization (2016) with respect thereto, and the Law for Ensuring Quality, Efficacy, and Safety of Drugs and Medical Devices of Japan (2014), and the Ministry of Health, Labour and Welfare's Guideline for the Quality, Safety and Efficacy Assurance of Follow-On Biologics (2009) with respect thereto.

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

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

1.44 "**Breaching Party**" has the meaning set forth in Section 12.2.

1.45 "**Bundle**" means a Licensed Product sold together with one or more Other Products at a single price.

1.46 "**Business Day**" means a day other than a Saturday or Sunday on which banking institutions in Chicago, Illinois are open for business.

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

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

1.49 "**CD33**" means that certain transmembrane receptor protein expressed on cells of myeloid lineage known as "myeloid cell surface antigen CD33" (CD33) (and also known as "sialic acid-binding Ig-like lectin 3" (Siglec-3) or "gp67") described in UniProtKB-P20138 (CD33_Human). In addition to the amino acid sequence described in UniProtKB-P20138 (CD33_Human), CD33 shall be deemed to include isoforms, alternatively spliced forms and post-translationally modified and other variant forms of the CD33_Human sequence.

1.50 "**CDR**" means the complementarity-determining region of an antigen binding region of an antibody as defined by the Kabat numbering scheme (Kabat *et al*., Sequences of Proteins of Immunological Interest (1991)).

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

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

1.52.1 any "person" or "group" (as such terms are defined below) (a) is or becomes the "beneficial owner" (as defined below), directly or indirectly, of shares of capital stock or other interests (including partnership interests) of such Party then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of the directors, managers or similar supervisory positions ("**Voting Stock**") of such Party representing fifty percent (50%) or more of the total voting power of all outstanding classes of Voting Stock of such Party or (b) has the power, directly or indirectly, to elect a majority of the members of the Party's board of directors, or similar governing body ("**Board of Directors**"); or

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

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

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

For the purpose of this definition of Change in Control, (a) "person" and "group" have the meanings given such terms under Section 13(d) and 14(d) of the United States Securities Exchange Act of 1934 and the term "group" includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the said Act; (b) a "beneficial owner" shall be determined in accordance with Rule 13d-3 under the aforesaid Act; and (c) the terms "beneficially owned" and "beneficially own" shall have meanings correlative to that of "beneficial owner." Notwithstanding the foregoing, a bona fide financing transaction (excluding any transaction in which an operating company engaged directly in selling pharmaceutical products or its Affiliate acquires Control of a Party) shall not be deemed a Change in Control.

1.53 "**Clinical Data**" means the original human subject data and case report forms (CRFs) collected or generated with respect to Clinical Studies or Phase IV Studies of any Licensed Antibody or Licensed Product, together with all analysis, reports, and results with respect thereto.

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

1.55 "**Close Homolog**" has the meaning set forth in Section 12.8.1(c).

1.56 "**COGS + Royalty**" has the meaning set forth in Section 6.5.2(c).

1.57 "**Collaboration Program**" means a program of research, Development and Commercialization activities with respect to Licensed Antibodies and Licensed Products directed to a particular Collaboration Target [***] conducted pursuant to this Agreement.

1.58 "**Collaboration Target**" means Trem2 or CD33, as applicable.

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

1.60 "**Commercialization Plan and Budget**" has the meaning set forth in Section 4.2.

1.61 "**Commercialization Wind-down Period**" has the meaning set forth in Section 12.9.2.

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

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

1.64 "**Confidential Information**" means any Information or data provided orally, visually, in writing or other form by or on behalf of one (1) Party (or an Affiliate or representative of such Party) to the other Party (or to an Affiliate or representative of such Party) in connection with this Agreement, whether prior to, on, or after the Execution Date, including Information relating to the terms of this Agreement, the Licensed Antibody or any Licensed Product (including the Regulatory Documentation and Regulatory Data), any Exploitation of the Licensed Antibody or any Licensed Product, any know-how with respect thereto developed by or on behalf of the disclosing Party or its Affiliates (including AbbVie Background Know-How, AbbVie Program Know-How, Licensor Background Know-How and Licensor Program Know-How, as applicable), or the scientific, regulatory or business affairs or other activities of either Party. Notwithstanding the foregoing, (a) Joint Program Know-How shall be deemed to be the Confidential Information of both Parties, and both Parties shall be deemed to be the receiving Party and the disclosing Party with respect thereto, and (b) all Regulatory Documentation owned by AbbVie pursuant to Section 3.8.2(a) shall be deemed to be the Confidential Information of AbbVie, and AbbVie shall be deemed to be the disclosing Party and Licensor shall be deemed to be the receiving Party with respect thereto.

1.65 "**Continuing Phase III Readiness Activities**" means those CMC activities described in the CMC section of the Pre Exercise Development Plan and Budget that are marked with a double asterisk and that are intended to be commenced by Licensor prior to Option exercise and continued by AbbVie after Option exercise.

1.66 "**Control**" means, with respect to any item of Information, Regulatory Documentation, material, Patent, or other property right, the possession of the right, whether directly or indirectly, and whether by ownership, license, covenant not to sue or otherwise (other than by operation of the license and other grants in Sections 5.2, and 5.3), to grant a license, sublicense or other right (including the right to reference Regulatory Documentation) to or under such Information, Regulatory Documentation, material, Patent, or other property right as provided for herein (e.g., sufficient rights to provide AbbVie with a license pursuant to Section 5.2.2) without violating the terms of any agreement or other arrangement with any Third Party.

1.67 "**Controlling Party**" has the meaning set forth in Section 7.2.2.

1.68 "**Core Development Costs**" means [***].

1.69 "**Corporate Names**" means the Trademarks and logos identified on Schedule 1.69 and such other names and logos as Licensor may designate in writing from time to time.

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1.70 "**Country-Specific Development Activities**" means (a) Development activities directed to obtaining Regulatory Approvals for the Licensed Product outside of the Major Markets and (b) Phase IV Study and other Development activities for a country or region in the ROW after Regulatory Approval in such country or region.

1.71 "**Country-Specific Development Costs**" means [***]. For clarity, Country-Specific Development Costs specifically exclude Core Development Costs.

1.72 "**Default Notice**" has the meaning set forth in Section 12.2.

1.73 "**Development**" means all activities related to research, pre-clinical and other non-clinical testing, test method development and stability testing, toxicology, formulation, process development, manufacturing scale-up, qualification and validation, quality assurance/quality control, Clinical Studies, including Manufacturing in support thereof, statistical analysis and report writing, the preparation and submission of Drug Approval Applications, regulatory affairs with respect to the foregoing and all other activities necessary or reasonably useful or otherwise requested or required by a Regulatory Authority as a condition or in support of obtaining or maintaining a Regulatory Approval. When used as a verb, "**Develop**" means to engage in Development. Development shall exclude Phase IV Studies. For purposes of clarity, Development shall include any submissions and activities required in support thereof, required by Applicable Laws or a Regulatory Authority as a condition or in support of obtaining a pricing or reimbursement approval for an approved Licensed Product.

1.74 "**Development Costs**" means [***].

Notwithstanding Section 1.30 above, any expense with respect to a Licensed Product that would otherwise be included as an Allowable Expense, but which is incurred prior to the first Regulatory Approval of such Licensed Product in the United States shall be deemed a Development Cost rather than an Allowable Expense.

1.75 "**Development Plan and Budget**" means, a development plan with respect to a Collaboration Program setting forth in reasonable detail specific Clinical Studies and other Party Development Activities to be performed with respect to the Licensed Antibody or a Licensed Product and the budget for such Development activities, which plan shall allocate responsibility for such Clinical Studies and Party Development Activities between the Parties.

1.76 "**Development Wind-down Period**" has the meaning set forth in Section 12.9.1.

1.77 "**Dispute**" has the meaning set forth in Section 13.7.

1.78 "**Distribution Costs**" means [***].

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1.79 "**Distributor**" has the meaning set forth in Section 5.5.

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

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

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

1.83 "**Effective Date**" has the meaning set forth in Section 12.1.2.

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

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

1.86 "**Excess Costs**" has the meaning set forth in Section 3.7.1(b).

1.87 "**Excess Cost Reimbursement**" has the meaning set forth in Section 3.7.1(b).

1.88 "**Excluded Indication**" has the meaning set forth in Section 6.5.2(b)(iii)(B).

1.89 "**Execution Date**" has the meaning set forth in the preamble hereto.

1.90 "**Existing In-License Agreements**" means the agreements set forth on Schedule 1.90 between Licensor and a Third Party under which AbbVie is granted a sublicense under this Agreement.

1.91 "**Existing Patents**" has the meaning set forth in Section 10.2.1.

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

1.93 "**Exploit**" or "**Exploitation**" means to make, have made, import, export, use, have used, sell, have sold, or offer for sale, including to Develop, Commercialize, register, modify, enhance, improve, Manufacture, have Manufactured, hold, or keep (whether for disposal or otherwise), or otherwise dispose of.

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

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

1.96 "**Field**" means all human and non-human diagnostic, prophylactic, and therapeutic uses.

1.97 "**First Additional Repayment Amount**" has the meaning set forth in Section 3.7.1(e)(i).

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

1.99 "**First Repayment Amount**" has the meaning set forth in Section 3.7.1(b).

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

1.101 "**FTE Costs**" means, with respect to a Party for any period, the applicable FTE Rate multiplied by the applicable number of FTEs of such Party performing Development, Commercialization or Manufacturing activities during such period in accordance with the applicable Development Plan and Budget or Commercialization Plan and Budget, as applicable.

1.102 "**FTE Rate**" means the rates set forth in Schedule 6.4.4, as adjusted pursuant to Section 6.4.4.

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

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

1.105 "**HSR Filing**" has the meaning set forth in Section 12.1.1.

1.106 "**Human Samples**" has the meaning set forth in Section 3.11.

1.107 "**IMS**" has the meaning set forth in Section 6.5.4(a).

1.108 "**Incremental Royalty**" has the meaning set forth in Section 6.5.2(a).

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

1.110 "**Indemnification Claim Notice**" has the meaning set forth in Section 11.4.

1.111 "**Indemnified Party**" has the meaning set forth in Section 11.4.

1.112 "**Indication**" means each disease or condition separately categorized in the World Health Organization's International Classification of Diseases 10 coding system at the level defined two places to the right of the decimal point. For clarity, any patient population within such a disease or condition shall be deemed an Indication, but other patient populations within the same such disease or condition category shall not be deemed a separate Indication.

1.113 "**Indirect Taxes**" has the meaning set forth in Section 6.10.

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

1.115 "**Interim Analysis Readout Date**" means, on a Collaboration Program-by-Collaboration Program basis, the date of [***] performed pursuant to the Pre Exercise Development Plan and Budget, but in no case later than the date of completion of the PoC Trial.

1.116 "**Initial Post Exercise Development Plan and Budget**" has the meaning set forth in Section 3.2.1.

1.117 "**In-License Agreement**" means the Existing In-License Agreements and any other agreement between Licensor or its Affiliate and a Third Party under which AbbVie is granted a sublicense under this Agreement.

1.118 "**Intellectual Property**" has the meaning set forth in Section 12.7.1.

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

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

1.121 "**Joint Program Know-How**" means all Information and inventions that (a) are conceived, discovered, developed, or otherwise made [***] as a result of performance of this Agreement, and (b) are Controlled by [***].

1.122 "**Joint Program Patents**" mean all Patents that (a) claim inventions that are conceived, discovered, developed, or otherwise made [***] as a result of performance of this Agreement, and (b) are Controlled by [***].

1.123 "**Joint Steering Committee**" has the meaning set forth in Section 2.1.1.

1.124 "**Knowledge**" means [***].

1.125 "**Last Agreed Post Exercise Development Plan and Budget**" means with respect to a Collaboration Program: (a) the budget contained in the Initial Post Exercise Development Plan and Budget for Core Development Costs with respect to such Collaboration Program and (b) if a modification of such budget was approved by Licensor through the JDC (i.e., was approved by the JDC without AbbVie's use of its deciding vote under Section 2.4.3(a)(ii)), then the last such budget that was so approved by Licensor with respect to such Collaboration Program.

1.126 "**Licensed Antibody**" means a Licensed CD33 Antibody or a Licensed Trem2 Antibody, as applicable.

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1.127 "**Licensed CD33 Antibody**" means any Antibody that (a) specifically binds CD33 and a principal therapeutic mechanism of action of which is mediated as a result of such binding and (b) is claimed in the Existing Patents or Licensor Program Patents or made by or on behalf of Licensor or its Affiliates under this Agreement. Licensed CD33 Antibody expressly includes the Antibody known by Licensor as AL003 and all back-ups to AL003 described on Schedule 1.127. For clarity, bispecific and multispecific Antibodies with at least one of their binding specificities and principal therapeutic mechanisms of action (as described above) directed to CD33 and that are claimed in the Existing Patents, Licensor Program Patents, or made by or on behalf of Licensor or its Affiliates under this Agreement shall also be considered Licensed CD33 Antibodies.

1.128 "**Licensed Product**" means any product containing a Licensed Antibody, [***], in any and all forms, presentations, delivery systems, dosages, and formulations.

1.129 "**Licensed Trem2 Antibody**" means any Antibody that (a) specifically binds Trem2 and a principal therapeutic mechanism of action of which is mediated as a result of such binding and (b) claimed in the Existing Patents or Licensor Program Patents or made by or on behalf of Licensor or its Affiliates under this Agreement. Licensed Trem2 Antibody expressly includes the Antibody known by Licensor as AL002 and all backups to AL002, as described on Schedule 1.129. For clarity, bispecific and multispecific Antibodies with at least one of their binding specificities and principal therapeutic mechanisms of action (as described above) directed to Trem2 and that are claimed in the Existing Patents or Licensor Program Patents or made by or on behalf of Licensor or its Affiliates under this Agreement shall also be considered Licensed Trem2 Antibodies.

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

1.131 "**Licensor Background Know-How**" means all Information that is (a) Controlled by Licensor or any of its Affiliates on the Execution Date or at any time during the Term, (b) not generally known, (c) developed or invented outside the scope of this Agreement, and (d) [***] the Development, Manufacture, or Commercialization of a Licensed Antibody or a Licensed Product [***].

1.132 "**Licensor Background Patents**" means all Patents that are (a) Controlled by Licensor or any of its Affiliates on the Execution Date or at any time during the Term, (b) developed or invented outside the scope of this Agreement, and (c) [***] the Development, Manufacture, or Commercialization of a Licensed Antibody or a Licensed Product; [***].

1.133 "**Licensor Commercialization Opt Out**" has the meaning set forth in Section 6.3.1.

1.134 "**Licensor Competing Product**" has the meaning set forth in Section 5.10.1(a).

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1.135 "**Licensor Continued Funding Notice**" has the meaning set forth in Section 6.5.2(b)(ii).

1.136 "**Licensor Development Opt Out**" has the meaning set forth in Section 3.7.2.

1.137 "**Licensor Indemnitees**" has the meaning set forth in Section 11.1.

1.138 "**Licensor Funded AbbVie Program Patents**" means AbbVie Program Patents claiming one or more invention(s) that were invented prior to Licensor's exercise of a Licensor Opt Out with respect to the Collaboration Program in connection with which such inventions were made.

1.139 "**Licensor Opt Out**" means a Licensor Development Opt Out or Licensor Commercialization Opt Out, as applicable.

1.140 "**Licensor Opt Out Date**" means the effective date of a Licensor Development Opt Out or Licensor Commercialization Opt Out, as applicable, taking into account the required advance notice period.

1.141 "**Licensor Patent**" has the meaning set forth in Section 13.2.1(a).

1.142 "**Licensor Program Know-How**" means all Information and inventions that are, as between the Parties, conceived, discovered, developed, or otherwise made solely by or on behalf of Licensor or its Affiliates or sublicensees or subcontractors as a result of performance of this Agreement. Licensor Program Know-How expressly excludes Licensor Background Know-How and Joint Program Know-How.

1.143 "**Licensor Program Patents**" mean all Patents that claim inventions that, as between the Parties, are conceived, discovered, developed, or otherwise made solely by or on behalf of Licensor or its Affiliates or sublicensees or subcontractors as a result of performance of this Agreement. Licensor Program Patents expressly exclude Licensor Background Patents and Joint Program Patents.

1.144 "**Licensor's Proportionate Share**" has the meaning set forth in Section 3.7.1(e)(iii).

1.145 "**Losses**" has the meaning set forth in Section 11.1.

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

1.147 "**Major Markets**" means [***].

1.148 "**Major Regulatory Filings**" has the meaning set forth in Section 3.8.2(c).

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

1.150 "**Manufacturing Cost**" with respect to the Licensed Antibody or a Licensed Product has the meaning set forth on Schedule 1.150.

1.151 "**Manufacturing Process**" has the meaning set forth in Section 3.5.3.

1.152 "**Manufacturing Technology Transfer**" has the meaning set forth in Section 3.5.3.

1.153 "**Markings**" has the meaning set forth in Section 4.7.

1.154 "**Material Amendment**" has the meaning set forth in Section 2.4.3(a)(i).

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

1.156 "**Medical Affairs Costs**" means those [***].

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

1.158 "**Net Sales**" means [***].

Net Sales shall not include [***].

Subject to the above, Net Sales shall be calculated in accordance with the standard internal policies and procedures of AbbVie, its Affiliates, or Sublicensees, which must be in accordance with Accounting Standards.

For purposes of calculating Net Sales, all Net Sales shall be converted into Dollars in accordance with Section 6.7.

In the event a Licensed Product is sold [***].

1.159 "**Neutral**" has the meaning set forth on Schedule 13.7.3.

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1.160 "**New Technology**" means any technology that [***].

1.161 "**Non-Breaching Party**" has the meaning set forth in Section 12.2.

1.162 "**Non-Controlling Party**" has the meaning set forth in Section 7.2.2.

1.163 "**Non-Material License(s)**" has the meaning set forth in Section 10.2.7.

1.164 "**Notice of Approval**" has the meaning set forth in Section 6.5.2(b)(i).

1.165 "**Open Label Extension Study**" means, with respect to each Collaboration Program, the open label extension trial for such Collaboration Program described in the Pre Exercise Development Plan and Budget.

1.166 "**Option**" has the meaning set forth in Section 5.1.1.

1.167 "**Option Exercise Date**" has the meaning set forth in Section 5.1.1.

1.168 "**Option Exercise Notice**" has the meaning set forth in Section 5.1.1.

1.169 "**Option Period**" has the meaning set forth in Section 5.1.1.

1.170 "**Other Antitrust Laws**" has the meaning set forth in Section 12.1.1.

1.171 "**Other Income**" means [***].

1.172 "**Other Product**" means [***].

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

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

1.175 "**Party Development Activities**" means Development activities conducted in support of obtaining or maintaining Regulatory Approval of a Licensed Product in a country or other jurisdiction in the Territory.

1.176 "**Patent Costs**" means those [***].

1.177 "**Patent Term Extension**" has the meaning set forth in Section 7.2.5.

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1.178 "**Patents**" means (a) all national, regional and international patents and patent applications, including provisional patent applications, (b) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from either of these, including divisionals, continuations, continuations-in-part, provisionals, converted provisionals and continued prosecution applications, (c) any and all patents that have issued or in the future issue from the foregoing patent applications ((a) and (b)), including utility models, petty patents and design patents and certificates of invention, (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((a), (b), and (c)), and (e) any similar rights, including so-called pipeline protection.

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

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

1.181 "**Phase I**" means a clinical trial of a Licensed Antibody or Licensed Product, the principal purpose of which is a preliminary determination of safety, tolerability, pharmacological activity or pharmacokinetics in healthy individuals or patients or similar clinical study prescribed by the Regulatory Authorities, including the trials referred to in 21 C.F.R. § 312.21(a), as amended.

1.182 "**Phase II**" means a clinical trial of a Licensed Antibody or Licensed Product, the principal purpose of which is to explore safety and efficacy in the target patient population, which is designed to generate sufficient data that may permit commencement of pivotal clinical trials, or a similar clinical study recommended by the Regulatory Authorities, from time to time, pursuant to Applicable Law or otherwise, including the trials referred to in 21 C.F.R. § 312.21(b), as amended.

1.183 "**Phase III**" means a human clinical trial of a Licensed Antibody or Licensed Product on a sufficient number of subjects in an indicated patient population that is designed to establish that a Licensed Antibody or Licensed Product is safe and efficacious for its intended use and to determine the benefit/risk relationship, warnings, precautions, and adverse reactions that are associated with such product in the dosage range to be prescribed, which trial is intended to support marketing approval of such Licensed Antibody or Licensed Product, including all tests and studies that are required by the FDA from time to time, pursuant to Applicable Law or otherwise, including the trials referred to in 21 C.F.R. § 312.21(c), as amended.

1.184 "**Phase IV Costs**" means those [***].

1.185 "**Phase IV Study**" means: (a) a post-approval clinical study for a Licensed Product with respect to any Indication for which Regulatory Approval has been received or that is required or agreed to be conducted as a condition of receiving Regulatory Approval in a country; as well as (b) any marketing study, epidemiological study, modeling and pharmacoeconomic study, investigator-initiated clinical trial or post-marketing surveillance study of a Licensed Product, in each case (of this clause (b)) that is not intended for use as a basis for obtaining Regulatory Approval (including expanded Product Labeling) with respect to such Licensed Product.

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

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

1.188 "**PoC Trial**" means the proof of concept (PoC) clinical study meeting the parameters described in Schedule 1.188.

1.189 "**PoC Trial Report**" has the meaning set forth in Section 3.1.3.

1.190 "**Post Exercise Development Activities**" has the meaning set forth in Section 3.2.1.

1.191 "**Post Exercise Development Plan and Budget**" has the meaning set forth in Section 3.2.1.

1.192 "**Pre Exercise Development Activities**" means the Party Development Activities set forth in each Pre Exercise Development Plan and Budget to be performed by Licensor (or, pursuant to Section 3.1.2, AbbVie) prior to expiration of the Option Exercise Period.

1.193 "**Pre Exercise Development Plan and Budget**" means the Development Plan and Budget covering the Pre Exercise Development Activities for the CD33 Collaboration Program attached hereto as Schedule 1.193 Part 1 and the Development Plan and Budget covering the Pre Exercise Development Activities for the Trem2 Collaboration Program attached hereto as Schedule 1.193 Part 2, as the same may be amended from time to time in accordance with the terms hereof.

1.194 "**Product Information**" has the meaning set forth in Section 9.1.

1.195 "**Product Infringement**" has the meaning set forth in Section 7.3.1.

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

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

1.198 "**Program Costs**" has the meaning set forth in Section 6.5.2(a).

1.199 "**Prosecuted Infringements**" has the meaning set forth in Section 7.3.1.

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

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

1.202 "**Regulatory Data**" has the meaning set forth in Section 3.8.3(a).

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

1.204 "**Regulatory Exclusivity**" means, with respect to any country or other jurisdiction in the Territory, an additional market protection, other than Patent protection, granted by a Regulatory Authority in such country or other jurisdiction which confers an exclusive Commercialization period during which AbbVie or its Affiliates or Sublicensees have an exclusive right to market and sell a Licensed Antibody or Licensed Product in such country or other jurisdiction through a regulatory exclusivity right (including regulatory data exclusivity).

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

1.206 "**Repayment Amount**" has the meaning set forth in Section 3.7.1(b).

1.207 "**Reverse Royalty Term**" means, with respect to each Licensed Product for which a royalty is due under Section 12.8, and each country or other jurisdiction in a Terminated Program, the period [***]. Solely for purposes of this Section, each reference in the definitions of "Regulatory Exclusivity" to (i) AbbVie shall be deemed to be a reference to Licensor, and (ii) a Sublicensee shall be deemed to be a reference to a licensee or sublicensee of Licensor or its Affiliates.

1.208 "**ROW**" means all regions, countries and territories [***].

1.209 "**ROW Profit**" means, with respect to the Licensed Products, the [***]. For clarity, in calculating the amount to be deducted pursuant to (d), the [***].

1.210 "**ROW Profit Threshold**" has the meaning set forth in Section 6.3.2(b).

1.211 "**Royalty Term**" means, with respect to each Licensed Product and each country or other jurisdiction in the Territory, the period beginning on the date of the First Commercial Sale of such Licensed Product in such country or other jurisdiction, and ending on the later to occur of (a) the expiration, invalidation or abandonment date of the last Licensor Background Patent, Licensor Program Patent, Joint Program Patent or Licensor Funded AbbVie Program Patent that includes a Valid Claim that covers the composition of matter or approved use of such Licensed Product, (b) the expiration of the applicable Regulatory Exclusivity in such country or other jurisdiction for such Licensed Product, and (c) the [***] anniversary of the First Commercial Sale of such Licensed Product in such country or other jurisdiction.

1.212 "**Sales and Marketing Costs**" means [***].

1.213 "**Second Additional Repayment Amount**" has the meaning set forth in Section 3.7.1(e).

1.214 "**Second Generation Product**" has the meaning set forth in Section 6.5.2(b).

1.215 "**Second Repayment Amount**" has the meaning set forth in Section 3.7.1(b).

1.216 "**Segregate**" means [***].

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1.217 "**Senior Officer**" means, with respect to Licensor, its Chief Executive Officer or his/her designee, and with respect to AbbVie, its Chief Strategy Officer or his/her designee.

1.218 "**Significant Pharmaceutical Company**" has the meaning set forth in Section 13.2.1(b).

1.219 "**Sublicensee**" means a Person, other than an Affiliate or a Distributor, that is granted (directly or indirectly) a sublicense by AbbVie or its Affiliate under the grants in Section 5.2 as provided in Section 5.4 or other rights to Develop or Commercialize a Licensed Antibody or Licensed Product; provided that a Distributor which promotes a Licensed Product in a Major Market shall be deemed a Sublicensee with respect to such Major Market.

1.220 "**Term**" has the meaning set forth in Section 12.1.2.

1.221 "**Terminated Antibody**" has the meaning set forth in Section 12.8.1(f).

1.222 "**Terminated Product**" has the meaning set forth in Section 12.8.1(f).

1.223 "**Terminated Program**" means (a) with respect to the termination of this Agreement for a Collaboration Program pursuant to Sections 12.2 or 12.5, the Collaboration Program subject to such termination, (b) upon expiration of the Option Period for a Collaboration Program for which AbbVie has not previously delivered an Exercise Notice, such Collaboration Program, (c) with respect to the termination of this Agreement pursuant to Sections 12.2 or 12.5 for any AbbVie Opt In Product, the AbbVie Opt In Product subject to such termination and (d) with respect to termination of this Agreement in its entirety, all Collaboration Programs and all AbbVie Opt In Products.

1.224 "**Terminated Target**" has the meaning set forth in Section 12.8.1(f).

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

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

1.227 "**Third Party Claims**" has the meaning set forth in Section 11.1.

1.228 "**Third Party Payments**" has the meaning set forth in Section 6.5.4(b).

1.229 "**Third Party Provider**" has the meaning set forth in Section 3.5.5.

1.230 "**Third Party Technology**" has the meaning set forth in Section 5.7.

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

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

1.233 "**Trem2**" means a receptor protein known as "triggering receptor expressed on monocytes 2" (Trem-2") described in UniProtKB-Q9NZC2 (TREM2_Human). In addition to the amino acid sequence described in UniProtKB-Q9NZC2 (TREM2_Human), Trem2 shall be deemed to include isoforms, alternatively spliced forms and post-translationally modified and other variant forms of the TREM2_Human sequence.

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

1.235 "**US Net Profits**" and, with correlative meaning, "**US Net Losses**", means, with respect to the Licensed Products: [***].

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

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

1.238 "**Withholding Party**" has the meaning set forth in Section 6.9.

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

ARTICLE 2.
COLLABORATION MANAGEMENT

2.1 Joint Steering Committee.

2.1.1 Formation. As soon as practical, but no later than [***] after the Effective Date, the Parties shall establish a joint steering committee (the "**Joint Steering Committee**" or "**JSC**"), which shall (a) oversee the Development, Commercialization, and other Exploitation of the Licensed Antibody or Licensed Product in the Territory, (b) resolve Disputes that may arise in the JDC or the JCC, (c) coordinate the Parties' activities under this Agreement, including oversight of the JDC and the JCC, and (d) perform such other functions as are set forth herein or as the Parties may mutually agree in writing, except where in conflict with any provision of this Agreement. The JSC shall consist of three (3) representatives from each of the

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Parties, each with the requisite seniority to enable such person to make decisions on behalf of the Parties with respect to the issues falling within the jurisdiction of the JSC. From time to time, each Party may substitute one (1) or more of its representatives to the JSC on written notice to the other Party. AbbVie shall select from its representatives the chairperson for the JSC. From time to time, AbbVie may change the representative who will serve as chairperson on written notice to Licensor. The JSC shall meet at least annually, or as otherwise agreed to by the Parties, and such meetings may be conducted by telephone, video-conference or in person as determined by the JSC members, provided that with respect to in person meetings, unless otherwise agreed the location of such meetings shall alternate between locations designated by Licensor and locations designated by AbbVie and at least one meeting per year shall be in-person, unless otherwise agreed to by the Parties.

2.2 Joint Development Committee.

2.2.1 Formation. As soon as practical, but no later than [***] after the Effective Date, the Parties shall establish a joint development committee (the "**Joint Development Committee**" or "**JDC**"). The JDC shall consist of three (3) representatives from each of the Parties, each with the requisite seniority to enable such person to make decisions on behalf of the Parties with respect to the issues falling within the jurisdiction of the JDC. One (1) representative from each Party shall have a pre-clinical or clinical development background (as appropriate based on the then-current stage of Development), and another representative from each Party shall have a regulatory affairs background. From time to time, each Party may substitute one (1) or more of
its representatives to the JDC on written notice to the other Party. AbbVie shall select from its representatives the chairperson for the JDC. From time to time, AbbVie may change the representative who will serve as chairperson on written notice to Licensor.

2.2.2 Specific Responsibilities. The JDC shall meet at least semi-annually, or as otherwise agreed to by the Parties, and such meetings may be conducted by telephone, video-conference or in person as determined by the JDC members, provided that with respect to in person meetings, unless otherwise agreed the location of such meetings shall alternate between locations designated by Licensor and locations designated by AbbVie. The JDC shall develop the strategies for and oversee the Development of the Licensed Antibodies or Licensed Products in the Territory, and shall serve as a forum for the coordination of Development activities for the Licensed Antibodies or Licensed Products for the Territory. In particular, the JDC shall:

(a) periodically (no less often than annually) review and serve as a forum for discussing each Pre Exercise Development Plan and Budget, and review and approve amendments thereto, which approval will be reflected in the applicable minutes of the JDC meeting;

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(b) serve as a forum for discussing and oversee the conduct of Pre Exercise Development Activities;

(c) periodically (no less often than annually) review and approve each Post Exercise Development Plan and Budget, and review and approve amendments thereto, which approval will be reflected in the applicable minutes of the JDC meeting;

(d) serve as a forum for discussing the conduct of the applicable Country-Specific Development Activities;

(e) serve as a forum for discussing and oversee the conduct of Additional Licensor Development Activities;

(f) serve as a forum for reviewing and approving strategies for obtaining Regulatory Approvals including approving use of consultants, key opinion leaders or any other experts to seek advice on strategies for seeking Regulatory Approvals for the Licensed Products in the Territory;

(g) establish secure access methods (such as secure databases) for each Party to access Regulatory Documentation and other JDC related Information as contemplated under this Agreement; and

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

2.2.3 Disbandment. Unless otherwise mutually agreed in writing, (a) upon the earlier of (i) Licensor Opt Out for a Collaboration Program or (ii) Regulatory Approval of the first Licensed Product for a Collaboration Program if AbbVie contemplates no further Development Activities for such Collaboration Program, the JDC shall have no further responsibilities with respect to such Collaboration Program and (b) upon the earlier of (i) Licensor Opt Out for both Collaboration Programs or (ii) Regulatory Approval of the first Licensed Product for both Collaboration Programs if AbbVie contemplates no further Development Activities for both Collaboration Programs, the JDC shall disband. Additionally, in the event of a Change in Control of Licensor in which Licensor is acquired by a Significant Pharmaceutical Company, AbbVie shall have the right, effective upon written notice, to disband the JDC pursuant to Section 13.2.1(b). Once dissolved, the JDC shall have no further rights or obligations under this Agreement, and thereafter any requirement of either Party to provide Information to the JDC shall be deemed a requirement to provide such Information to the other Party and AbbVie shall have the right to solely decide, without consultation with Licensor, all matters that are subject to the review or approval by the JDC with respect to Collaboration Programs for which it has exercised its Option. For clarity, if the JDC is relieved of responsibilities or disbanded pursuant to (a)(ii) or (b)(ii) above and Development Activities are later commenced or resumed, the JDC shall be reconstituted and from that point forward (until another disbandment pursuant to this Section 2.2.3) shall have the full responsibilities it had prior to such disbandment (provided that Licensor did not effect a Licensor Opt Out for the applicable Collaboration Program).

2.3 Joint Commercialization Committee.

2.3.1 Formation. Within [***] after initiation of the first Phase III for a Licensed Product in a Collaboration Program for which Licensor has not exercised a Licensor Opt Out, the Parties shall establish a joint commercialization committee (the "**Joint Commercialization Committee**" or "**JCC**", and collectively with the JSC and the JDC, the "**Joint Committees**"). The JCC shall consist of three (3) representatives from each of the Parties, each with the requisite seniority to enable such person to make decisions on behalf of the Parties with respect to the issues falling within the jurisdiction of the JCC. From time to time, each Party may substitute one (1) or more of its representatives to the JCC on written notice to the other Party. AbbVie shall select from its representatives the chairperson for the JCC. From time to time, AbbVie may change the representative who will serve as chairperson on written notice to Licensor.

2.3.2 Specific Responsibilities. The JCC shall meet at least semi-annually, or as otherwise agreed to by the Parties, and such meetings may be conducted by telephone, video-conference or in person as determined by the JCC members, provided that with respect to in person meetings, unless otherwise agreed the location of such meetings shall alternate between locations designated by Licensor and locations designated by AbbVie. The JCC shall oversee the strategies for and the Commercialization of the Licensed Products in the Territory. In particular, the JCC shall:

(a) discuss the global strategy for the Commercialization of the Licensed Products;

(b) periodically (no less often than annually) review and approve the Commercialization Plan and Budget and amendments thereto;

(c) oversee at a high level all Commercialization activities in the Territory with respect to the Licensed Products;

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

2.3.3 Disbandment. Unless otherwise mutually agreed in writing, (a) if a Licensor Opt Out is exercised for a Collaboration Program, the JCC shall have no further responsibilities with respect to such Collaboration Program and (b) if a Licensor Opt Out is exercised for both of the Collaboration Programs, the JDC shall disband. Additionally, in the event of a Change in Control of Licensor in which Licensor is acquired by a Significant Pharmaceutical Company, AbbVie shall have the right, effective upon written notice, to disband the JDC pursuant to Section 13.2.1(b). Once dissolved, the JCC shall have no further rights or obligations under this Agreement, and thereafter any requirement of either Party to provide Information to the JCC shall be deemed a requirement to provide such Information to the other Party and AbbVie shall have the right to solely decide, without consultation with Licensor, all matters that were the responsibility of the JCC.

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2.4 General Provisions Applicable to Joint Committees.

2.4.1 Meetings and Minutes. Meetings of any Joint Committee may be called by either Party on no less than [***] notice. Each Party shall make all proposals for agenda items and shall provide all appropriate information with respect to such proposed items at least [***] in advance of the applicable meeting; *provided*, that under exigent circumstances requiring input by the Joint Committee, a Party may provide its agenda items to the other Party within a shorter period of time in advance of the meeting, or may propose that there not be a specific agenda for a particular meeting, so long as the other Party consents to such later addition of such agenda items or the absence of a specific agenda for such meeting, such consent not to be unreasonably withheld or delayed. The chairperson of the Joint Committee (or designee of their choosing) shall prepare and circulate for review and approval of the Parties minutes of each meeting within [***] after the meeting. The Parties shall agree on the minutes of each meeting promptly, but in no event later than the next meeting of the Joint Committee, and such approved minutes shall be signed by each Alliance Manager.

2.4.2 Procedural Rules. Each Joint Committee shall have the right to adopt such standing rules as shall be necessary for its work, to the extent that such rules are not inconsistent with this Agreement; provided that such rules shall not be subject to a deciding vote of either Party under Section 2.4.3 below. A quorum of the Joint Committee shall exist whenever there is present at a meeting at least one (1) representative appointed by each Party. Representatives of the Parties on a Joint Committee may attend a meeting either in person or by telephone, video conference or similar means in which each participant can hear what is said by, and be heard by, the other participants. Representation by proxy shall be allowed. Each Joint Committee shall take action by [***] of the representatives present at a meeting at which a quorum exists, with each Party [***]. Employees or consultants of either Party that are not representatives of the Parties on a Joint Committee may attend meetings of such Joint Committee; *provided*, that such attendees (i) shall not vote or otherwise participate in the decision-making process of the Joint Committee, and (ii) are bound by obligations of confidentiality and non-disclosure equivalent to those set forth in ARTICLE 9.

2.4.3 Joint Committee Dispute Resolution.

(a) If a Joint Committee (other than the JSC) cannot, or does not, reach consensus on an issue at a meeting or within a period of [***] thereafter, then the dispute shall be referred to the JSC for resolution and a special meeting of the JSC may be called for such purpose. If the JSC cannot, or does not, reach consensus on an issue, including any dispute

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arising in another Joint Committee, then the dispute shall first be referred to the Senior Officers of the Parties, who shall confer in good faith on the resolution of the issue. Any final decision mutually agreed to by the Senior Officers shall be conclusive and binding on the Parties. If the Senior Officers are not able to agree on the resolution of any such issue within [***] after such issue was first referred to them, then:

(i) if such dispute is related to a Collaboration Program for which AbbVie has not exercised its Option, such dispute shall be finally and definitively resolved by [***]; provided, that [***]. As used herein, a "**Material Amendment**" to the Pre Exercise Development Plan and Budget shall mean [***];

(ii) if such dispute is related to a Collaboration Program for which AbbVie has exercised its Option, such dispute shall be finally and definitively resolved by [***], provided, that [***];

(iii) if such dispute is related to Additional Licensor Development Activities for which AbbVie has not exercised the AbbVie Opt In in accordance with Section 3.3.4, such dispute shall be finally and definitively resolved by [***]; and

(iv) if such dispute is related to any activities for an Additional Indication under Additional Licensor Development Activities following AbbVie's exercise of the AbbVie Opt In in accordance with Section 3.3.4, such dispute shall be finally and definitively resolved by [***].

(b) Disputes arising between the Parties in connection with or relating to this Agreement or any document or instrument delivered in connection herewith, and that are outside of the jurisdiction of the JSC and not within a Party's sole decision-making authority, shall be resolved pursuant to Section 13.7.

2.4.4 Limitations on Authority. Each Party shall retain the rights, powers, and discretion granted to it under this Agreement and no such rights, powers, or discretion shall be delegated to or vested in a Joint Committee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing. No Joint Committee shall have the power to amend, modify, or waive compliance with this Agreement, which may only be amended or modified as provided in Section 13.9 or compliance with which may only be waived as provided in Section 13.12.

2.4.5 Alliance Manager. Each Party shall appoint a person(s) who shall oversee contact between the Parties for all matters between meetings of each Joint Committee and shall have such other responsibilities as the Parties may agree in writing after the Effective Date (each, an "**Alliance Manager**"). Each Party may replace its Alliance Manager at any time by notice in writing to the other Party.

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2.5 Discontinuation of Participation on a Committee. Subject to Sections 2.2.3 and 2.3.3, each Joint Committee shall continue to exist until the first to occur of: (a) the Parties mutually agreeing to disband the Joint Committee; or (b) Licensor providing to AbbVie written notice of its intention to disband and no longer participate in such Joint Committee, provided that Licensor shall not give such written notice prior to AbbVie's exercise of the Option. Additionally, in the event of a Change in Control of Licensor in which Licensor is acquired by a Significant Pharmaceutical Company, AbbVie shall have the right, effective upon written notice, to disband one or all Joint Committees pursuant to Section 13.2.1(b). Notwithstanding anything herein to the contrary, once one or more Joint Committees have been disbanded, such Joint Committee shall be terminated and shall have no further rights or obligations under this Agreement, and thereafter any [***].

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

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

2.8 Information. Each Party shall keep the Joint Committees informed as to its efforts and activities with respect to the Development, Manufacture and Commercialization of the Licensed Antibodies and Licensed Products, including by providing such Information as the other Party may reasonably request from time to time.

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

ARTICLE 3.
DEVELOPMENT AND REGULATORY

3.1 Pre Exercise Development Plan and Budget and Activities.

3.1.1 Pre Exercise Development Plan and Budget. Either Party, directly or through its representatives on the JDC, may propose amendments to the Pre Exercise Development Plan and Budget from time to time as appropriate, including in light of changed circumstances. Any and all such amendments shall be subject to approval by the JDC as set forth in Section 2.2.2, subject, in the case of Section 2.4.3(a)(i) clause (D), to the dispute resolution procedures set forth in Section 13.7.4.

3.1.2 Pre Exercise Development Activities. Licensor shall perform the Pre Exercise Development Activities (including providing to AbbVie the reports specified in the Pre Exercise Development Plan and Budget), and shall do so in accordance with the Pre Exercise Development Plan and Budget by allocating such time, effort, equipment, and skilled personnel as would reasonably be expected to be required to complete such Pre Exercise Development Activities successfully and promptly. If AbbVie exercises its Option with respect to a Collaboration Program prior to Licensor's completion of the Pre Exercise Development Activities for such Program, Licensor shall remain responsible for completing such activities (other than with respect to Continuing Phase III Readiness Activities, responsibility for performance of which shall transfer to AbbVie upon Option exercise) but AbbVie shall have final decision-making authority with respect to the conduct of such activities provided that, notwithstanding anything to the contrary in this Section 3.1.2 or in Section 2.4.3(a)(i) and (ii) above, all such activities shall continue to be conducted by Licensor and any proposed change to the PoC Trial or any other Pre Exercise Development Activities that would (a) expand the scope of, or extend the time or cost required to perform, such activities, or (b) alter the quantity or nature of the activities assigned to Licensor, shall require Licensor's consent. For clarity, in the event that AbbVie exercises its Option with respect to a Collaboration Program prior to the [***] anniversary of the dosing of the first patient in the Open Label Extension Study for such Collaboration Program, Licensor shall be obligated to continue such Open Label Extension Study until the [***] anniversary of the dosing of the first patient in such Open Label Extension Study at its sole cost and expense (and such costs shall not be included in Development Costs shared by the Parties). If Licensor is in material breach of its obligation to perform any Pre Exercise Development Activities with respect to a Collaboration Program and fails to remedy such breach within [***] after written notice thereof from AbbVie, AbbVie shall have the right, at AbbVie's sole election, and without limitation to any other right or remedy available to

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AbbVie, to assume and complete some or all of such Pre Exercise Development Activities for such Collaboration Program, provided that if within such [***] period Licensor disputes such alleged material breach, then the process set out in Section 12.2 for disputed breaches shall apply *mutatis mutandis* and AbbVie shall not have a right to assume control of such Pre Exercise Development Activities unless and until an Adverse Ruling has been obtained pursuant to Section 13.7 and Licensor thereafter fails to cure such breach within [***] of such ruling. If AbbVie so elects to assume and complete any of the Pre Exercise Development Activities, to the extent requested by AbbVie in writing, Licensor shall assign to AbbVie any or all Third Party agreements relating to such Pre Exercise Development Activities (including agreements with contract research organizations, clinical sites, investigators and manufacturing providers) to the extent such agreements pertain solely to such Collaboration Program, and shall otherwise coordinate fully with AbbVie to make the benefits of such agreements available to AbbVie for purposes of such Activities. In such event, with respect to all such Pre Exercise Development Activities that involve Clinical Studies, at AbbVie's option, Licensor shall either (a) end such Clinical Studies with respect to enrolled subjects in an orderly and prompt manner in accordance with Applicable Law, including any required follow up treatment with previously enrolled subjects, or (b) transfer Control to AbbVie or its designee of such Clinical Studies and cooperate with AbbVie to ensure a smooth and orderly transition thereof that will not involve any disruption of such Clinical Studies; and in either case if AbbVie takes over conduct of Clinical Studies under a Collaboration Program, for purposes of Section 5.1.1, the Option Period for such Collaboration Period shall continue only until [***] after AbbVie has received the Information, Clinical Data and supporting documentation set forth on Schedule 3.1.3 from such PoC Trial. For clarity, Licensor's failure to successfully complete the Pre Exercise Development Activities or to achieve the timelines contained within the Pre Exercise Development Plan shall not constitute a material breach of its obligations hereunder so long as Licensor has used Commercially Reasonable Efforts in carrying out the Pre Exercise Development Activities.

3.1.3 PoC Trial Reports. Within [***] after database lock of the PoC Trial for each Collaboration Program pursuant to the applicable Pre-Exercise Development Plan and Budget, Licensor shall provide or make available to AbbVie all raw Clinical Data generated in such PoC Trial that are available to Licensor. Within [***] after database lock of the PoC Trial for each Collaboration Program pursuant to the applicable Pre-Exercise Development Plan and Budget, Licensor shall provide AbbVie with a study report for such PoC Trial consisting of the Information, Clinical Data and supporting documentation set forth on Schedule 3.1.3, along with a quality assurance statement describing quality issues, if any, limiting the validity of the PoC Trial that were raised during its conduct, together with such other information as AbbVie may reasonably request in connection with its evaluation that (a) is in existence as of the date of delivery of the PoC Trial Report, (b) is reasonably accessible to Licensor, and (c) is reasonably necessary to make an informed decision as to whether to exercise the Option (the "**PoC Trial Report**"). In addition, following database lock of the PoC Trial, Licensor shall fully cooperate to permit AbbVie to conduct a reasonable and customary due diligence review with respect to such Licensed Product as is reasonably necessary to enable AbbVie to reach a decision of whether to exercise the Option.

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3.2 Post Exercise Development Plan and Budget and Activities.

3.2.1 Post Exercise Development Plan and Budget. Promptly following the Option Exercise Date for the applicable Collaboration Program, AbbVie shall prepare and present to the JDC for review and approval an updated global Development Plan and Budget for each Collaboration Program (the "**Post Exercise Development Plan and Budget**"), which over-all budget will be consistent with (subject to AbbVie's right to make amendments pursuant to Section 3.2.2) the initial plan and budget set forth on Schedule 3.2.1 (the "**Initial Post Exercise Development Plan and Budget**") and shall assign responsibility for Party Development Activities between the Parties on and after the applicable Option Exercise Date (such activities, "**Post Exercise Development Activities**"). All Post Exercise Development Activities shall be designed and implemented so as to support the filing of Drug Approval Applications and the obtaining of Regulatory Approvals for the Licensed Product in the Major Markets. The Parties shall Conduct Post Exercise Activities in accordance with the terms and conditions of this Agreement and the applicable Post Exercise Development Plan and Budget.

3.2.2 Amendments. Either Party, through its representatives on the JDC, may propose amendments to a Post Exercise Development Plan and Budget at any time. Following the Option Exercise Date for the Collaboration Program to which a given Post Exercise Development Plan and Budget relates, amendments to such Post Exercise Development Plan and Budget (including amendments to the Initial Post Exercise Development Plan and Budget) are subject to [***] final decision-making authority as set forth in Section 2.4.3(a)(ii). Each Post Exercise Development Plan and Budget shall include a rolling [***] plan and budget for the Collaboration Program, including good faith estimates of Development Costs to be incurred over such [***] period, and an updated Post Exercise Development Plan shall be provided to the JDC for approval no later than December 1 of each Calendar year.

3.2.3 Diligence. Each Party shall use Commercially Reasonable Efforts to perform the responsibilities assigned to it under each Post Exercise Development Plan and Budget.

3.2.4 Country-Specific Development Activities. After the applicable Option Exercise Date, AbbVie may, at its initial expense, conduct Country-Specific Development Activities.

3.2.5 Incorporation of AbbVie Independent New Technology. In the event AbbVie proposes to incorporate or use with a Licensed Antibody or Licensed Product any AbbVie Independent New Technology, AbbVie will provide to Licensor a written proposal describing the AbbVie Independent New Technology it proposes to employ and identifying the Licensed Antibody or Licensed Antibodies for which AbbVie proposes to use such AbbVie Independent New Technology. Upon request, the Parties shall thereafter discuss the terms under which such AbbVie Independent New Technology would be so used or incorporated, including

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any proposed allocation of Net Sales of the resulting Licensed Product between the AbbVie Independent New Technology and Licensed Antibody (and associated subtraction of Net Sales allocated to AbbVie Independent New Technology from the overall Net Sales for purposes of calculation of royalties and profits owed to Licensor hereunder). In the event the Parties reach agreement regarding such use or incorporation of such AbbVie Independent New Technology, the Parties shall document such agreement in writing and AbbVie shall thereafter be free to use such AbbVie Independent New Technology in accordance with and subject to the agreed terms. For clarity, if AbbVie uses or incorporates such New Technology with or in a Licensed Antibody or Licensed Product without the Parties agreeing in accordance with this Section 3.2.5, the then-existing terms of this Agreement shall apply and no such allocation of Net Sales of the resulting Licensed Product shall be made to the New Technology.

3.3 Additional Licensor Development Activities.

3.3.1 If Licensor proposes to the JDC an amendment to a Development Plan and Budget to include Development activities designed to support the filing of Drug Approval Applications and the obtaining of Regulatory Approvals for a Licensed Product in an Additional Indication not covered by a Post Exercise Development Plan and Budget, then any such proposed amendment shall include with such proposal the detailed activities to be conducted and the associated budget. If the JDC declines, within [***] of receipt of the proposal to amend the applicable Development Plan and Budget to include such activities, then, subject to the remainder of this Section 3.3 and the other applicable terms of this Agreement, Licensor may conduct such activities (the "**Additional Licensor Development Activities**") at its own expense and such costs and expenses shall not be shared by the Parties (except as expressly provided in Section 3.3.4); provided that, prior to Licensor commencing such activities, the Parties must agree upon adjustments to the terms of this Agreement to address the potential splitting of the Field (e.g., with respect to regulatory matters, differentiation of products, reporting, etc.). In addition, unless otherwise approved by AbbVie, Licensor shall not Conduct any Phase III Clinical Study, or file a BLA with respect to a Licensed Antibody or Licensed Product for an Additional Indication, prior to the Option Exercise Date for the applicable Collaboration Program.

3.3.2 Prior to AbbVie's exercise of its Option for both Collaboration Programs, Licensor may conduct Clinical Studies within the Additional Licensor Development Activities only using an Antibody set forth on Schedule 3.3.2 and no other Licensed Antibody. After AbbVie's exercise of its Option for both Collaboration Programs, Licensor may conduct Additional Development Activities with any Licensed Antibodies that are not included in a Post Exercise Development Plan and Budget or being Developed or Commercialized by AbbVie in performing such Additional Development Activities (i.e., Licensor may not use in any Clinical Study the lead Antibody or any backups in either Collaboration Program).

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3.3.3 If, at any time, AbbVie believes that an Additional Licensor Development Activity would adversely affect a Licensed Antibody or Licensed Product included in a Development Plan and Budget or being Developed or Commercialized by AbbVie or its commercial prospects, AbbVie may notify Licensor and Licensor will not undertake such activity and cease any such activity that has already commenced. If Licensor disputes AbbVie's belief that such Additional Licensor Development Activity would cause such an adverse effect, Licensor may seek to resolve such dispute through expert arbitration pursuant to Section 13.7.4 (provided that Licensor shall not undertake such activity unless and until it is determined through such arbitration that there will be no such adverse effect).

3.3.4 For each Additional Indication pursued under an Additional Licensor Development Activity, if AbbVie has exercised the Option in accordance with Section 5.1.1 with respect to the applicable Collaboration Program, AbbVie shall have the right (the "**AbbVie Opt In**"), exercisable by written notice to Licensor at [***] to assume control of the Additional Licensor Development Activity and the Licensed Antibody with respect to such Additional Indication (the date such AbbVie Opt In notice is delivered, the "**AbbVie Opt In Exercise Date**"). If AbbVie exercises the AbbVie Opt In, (a) AbbVie shall [***], and (c) thereafter, such product shall be deemed a "Licensed Product" for all purposes under this Agreement. If AbbVie does not exercise the AbbVie Opt In with respect to such Additional Indication prior to the deadline above, Licensor may independently develop and commercialize such Licensed Antibody for such Additional Indication, subject to Section 3.3.2 and the terms of the agreement negotiated between the Parties pursuant to Section 3.3.1. For clarity, if AbbVie does not exercise the AbbVie Opt In with respect to a given Indication, AbbVie retains all rights with respect to the applicable Licensed Antibody for all other Indications.

3.3.5 Licensor Right to Conduct Non-Clinical Research with Licensed Antibodies. Without limiting Licensor's rights under Sections 3.3.1 through 3.3.4 above, Licensor shall have the right at its sole cost to conduct non-clinical research outside the Pre-Exercise Development Plan and Budget with respect to Licensed Antibodies, provided that for clarity, all Information and inventions conceived, discovered, developed, or otherwise made by Licensor in the performance of such nonclinical research shall be included within the Licensor Program Know-How and all Patents of Licensor directed to such Licensor Program Know-How shall be included within the Licensor Program Patents.

3.4 Development and Regulatory Diligence. With respect to a given Collaboration Program for which AbbVie has exercised its Option, AbbVie shall use Commercially Reasonable Efforts to Develop and obtain Regulatory Approval for a Licensed Product for such Collaboration Program in the Major Markets. For clarity, it is acknowledged that the use by AbbVie of Commercially Reasonable Efforts to perform the Initial Post Exercise Development Plan and Budget, as the same may be amended from time-to-time through any mutually approved amendments (i.e., amendments adopted without AbbVie's use of its deciding vote under Section 2.4.3(a)(ii) above), shall satisfy the foregoing general obligation to use Commercially Reasonable Efforts to Develop a Licensed Product for the Major Markets.

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3.5 Pre-Clinical and Clinical Supply of Licensed Antibodies or Licensed Products.

3.5.1 Supply Prior to Option Exercise. Licensor shall be responsible for obtaining the quantities of Licensed Antibodies or Licensed Products and placebo (a) needed by Licensor to carry out the Pre Exercise Development Plan and Budget or (b) as reasonably requested by AbbVie to perform activities outside the Pre Exercise Development Plan and Budget pursuant to a mutually agreed material transfer agreement. Additionally, Licensor shall use Commercially Reasonable Efforts to supply to AbbVie, as and to the extent requested by AbbVie, the quantities of Licensed Antibodies or Licensed Products and placebo needed by AbbVie in carrying out any activities assigned to it under the Pre Exercise Development Plan and Budget. In all cases, Licensor shall obtain supply of the required quantities of Licensed Antibodies or Licensed Products and placebo used in Clinical Studies from a reputable, internationally recognized Third Party manufacturing provider and the FTE Costs, Out-of-Pocket Costs and Manufacturing Costs thereof shall constitute Development Costs. At either Party's option, Licensor and AbbVie shall enter into a supply agreement setting forth any additional terms and conditions of such supply. Such agreement shall be negotiated and agreed by the Parties in good faith.

3.5.2 Manufacture. Licensor shall Manufacture all Licensed Antibodies or Licensed Products and placebo delivered by it pursuant to Section 3.5.1 pursuant to GMP, to the extent applicable.

3.5.3 Supply Following Option Exercise; Manufacturing Technology Transfer. Following AbbVie's exercise of its Option with respect to a given Collaboration Program and successful completion of the Manufacturing Technology Transfer described below, AbbVie will assume responsibility for the Manufacture of all Licensed Antibodies, Licensed Products and placebo under such Collaboration Program, provided that until the earlier of (a) the first Regulatory Approval of the first Licensed Product within a Collaboration Program in a Major Market, or (b) Licensor Opt-Out with respect to the applicable Collaboration Program, all Manufacture of Licensed Products within such Collaboration Program (and the Licensed Antibody contained therein) for use in Clinical Studies shall be performed by a reputable, internationally recognized Third Party contract manufacturer of pharmaceutical products. Promptly upon request by AbbVie following the Option Exercise Date for the applicable Collaboration Program, Licensor shall (i) upon AbbVie's request and discretion, either (A) assign to AbbVie or its Affiliates Licensor's agreement(s) with its Third Party manufacturing provider for the Licensed Antibodies, Licensed Products and placebo under such Collaboration Program or (B) use Commercially Reasonable Efforts to facilitate AbbVie's or its Affiliate's entering into a direct supply agreement with such Third Party manufacturing provider on comparable terms to those between Licensor and such Third Party manufacturing provider and (ii) fully cooperate with AbbVie with respect to such other steps as may be reasonably required to effect a full transfer to AbbVie or, at AbbVie's election, to an Affiliate or a Third Party manufacturer of its choice, all Licensor Background Know-How, Licensor Program Know-How and Joint Program Know-How reasonably necessary for AbbVie to implement the then-current

process for the Manufacture of the Licensed Antibody and Licensed Products for which Clinical Studies were conducted under such Collaboration Program (the "**Manufacturing Process**") at AbbVie's facilities or those of an Affiliate or a Third Party manufacturing provider designated by AbbVie (such transfer and implementation, as more fully described in this Section 3.5.3, the "**Manufacturing Technology Transfer**"). All FTE Costs and Out-of-Pocket Costs incurred by Licensor in performing activities pursuant to this Section 3.5.3 shall be included as Development Costs. Without limitation to the foregoing, in connection with each Manufacturing Technology Transfer, Licensor shall, and shall use Commercially Reasonable Efforts to cause its Third Party manufacturers (in each case, to the extent permitted under Licensor's agreements with such Third Party Manufacturers) to take the following actions, in each case as reasonably requested by AbbVie:

(a) make available, to AbbVie (or its designated Third Party manufacturer, as applicable) from time to time as AbbVie may request, all Manufacturing-related Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, Information and materials relating to the Manufacturing Process not transferred to AbbVie or such Third Party manufacturer during the initial transfer, and all documentation constituting material support, performance advice, shop practice, standard operating procedures, specifications as to materials to be used and control methods, that are reasonably necessary to enable AbbVie (or its Affiliate or designated Third Party manufacturer, as applicable) to use and practice the Manufacturing Process;

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

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

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

3.5.4 Acquisition of Licensed Product for Phase III Clinical Studies. For clarity, AbbVie shall be responsible for securing all quantities of Licensed Products necessary for the conduct of the Phase III Clinical Studies and other Development Activities under the Post Exercise Development Plan and Budget, provided that if AbbVie concludes that the manufacturing lead times will require that AbbVie place orders for Licensed Product for use in such Phase III Clinical Studies prior to the Option Exercise Date, upon AbbVie's request, Licensor shall cooperate fully to facilitate AbbVie's ordering of such required quantities of Licensed Product, it being understood that AbbVie shall be solely responsible for the costs of all such ordered Licensed Product (provided that if AbbVie subsequently exercises the Option for the applicable Collaboration Program, the Manufacturing Costs of such quantities shall be shared as Development Costs, to the extent otherwise includable as Development Costs). For clarity, the foregoing shall not alter Licensor's responsibilities (including its payment obligations) with respect to the CMC activities described in the CMC Activities section of the Pre-Exercise Development Plan and Budget that are indicated as being the sole responsibility of Licensor or the Continuing Phase III Readiness Activities prior to the Option Exercise Date.

3.5.5 Subcontracting. Each Party shall have the right to subcontract any of its Party Development Activities to a Third Party (a "**Third Party Provider**"); provided that (a) Licensor shall keep AbbVie reasonably informed with respect to any material activities Licensor intends to subcontract and shall furnish AbbVie with an opportunity to consult regarding any such material subcontracts, (b) the subcontracting Party shall obtain a written undertaking from the Third Party Provider that it shall be subject to confidentiality provisions substantially similar to those of ARTICLE 9 and that provides such Party with Control of any Licensor Program Know-How, Licensor Program Patents, AbbVie Program Know-How, AbbVie Program Patents, Joint Program Know-How and Joint Program Patents, as applicable, generated in performing the subcontracted activities that are reasonably necessary for the Parties to Develop, Manufacture and Commercialize the applicable Licensed Antibody and Licensed Product as contemplated in this Agreement and [***].

3.6 Supply of Technology for Development Purposes.

3.6.1 Immediately after the Option Exercise Date, Licensor shall, and shall cause its Affiliates to, without additional compensation, disclose and make available to AbbVie, such Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How with respect to the Licensed Antibody (including the sequences thereof) or any Licensed Product, as AbbVie may reasonably request. Thereafter during the Term Licensor shall, and shall cause its Affiliates to, without additional compensation, disclose and make available to AbbVie as reasonably requested: Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, or other Information claimed or covered by any Licensor Background Patent, Licensor Program Patent or Joint Program Patent or otherwise relating, directly or indirectly, to Licensed Antibodies, in each

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case as is reasonably necessary for AbbVie to Develop, Manufacture or Commercialize the Licensed Antibodies and Licensed Products. Licensor shall provide such Regulatory Documentation, Information and other items in the electronic form in which the same exists in electronic form, and shall provide copies or an opportunity to inspect (and copy) all other materials that do not exist in electronic form (including for example, original patient report forms and other original source data to the extent Licensor Controls the same and is legally permitted to provide the same to the AbbVie). The Parties will cooperate and reasonably agree upon formats and procedures to facilitate the orderly and efficient exchanges of Regulatory Documentation, Information or inventions contemplated under this Section 3.6.1.

3.6.2 Immediately after Option Exercise Date, Licensor, without additional compensation, shall provide AbbVie with all reasonable assistance required in order to transfer to AbbVie the Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, and other Information required to be produced pursuant to Section 3.6.1 above, in each case in a timely manner, and shall assist AbbVie with respect to the Exploitation of any Licensed Antibody and any Licensed Products. Without prejudice to the generality of the foregoing, if visits of Licensor's representatives to AbbVie's facilities are reasonably requested by AbbVie for purposes of transferring the Regulatory Documentation, Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, or other Information to AbbVie or for purposes of AbbVie acquiring expertise on the practical application of such Information or assisting on issues arising during such Exploitation, Licensor shall send appropriate representatives to AbbVie's facilities.

3.6.3 Any Out-of-Pocket Costs and FTE Costs incurred by the Parties in performing activities pursuant to this Section 3.6, and if any supplies of Licensed Antibodies or Licensed Product are transferred to AbbVie in connection with such activities, the Manufacturing Cost of such materials, shall be included as Development Costs, provided that if not so permitted (e.g., in the event that Licensor has exercised a Licensor Opt Out or in the case of ROW Profit), AbbVie shall reimburse to Licensor the Manufacturing Cost of such materials. In addition, notwithstanding the above, Licensor shall not be obligated to provide or make available to AbbVie research tools, materials or Information generally applicable to Development of products for the treatment of [***] other diseases or conditions, to the extent such items are not reasonably necessary for AbbVie to further Develop or Manufacture the Licensed Antibodies that were the subject of a Clinical Study under the applicable Pre Exercise Development Plan and Budget.

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3.7 Development Costs.

3.7.1 Development Costs Sharing:

(a) **Pre Exercise Development Activities.** Licensor shall be solely responsible for and shall bear all Development Costs (i) incurred by it and its Affiliates in connection with the performance of the Pre Exercise Development Activities for each Collaboration Program through the Option Exercise Date, including any Continuing Phase III Readiness Activities prior to the Option Exercise Date, and (ii) reasonably incurred by AbbVie and its Affiliates in connection with Pre Exercise Development Activities that AbbVie elects to assume and complete upon a material breach by Licensor pursuant to Section 3.1.2. Notwithstanding the foregoing, all Development Costs incurred by Licensor and its Affiliates in connection with the performance of the Continuing Phase III Readiness Activities with respect to a given Collaboration Program shall, in the event that AbbVie subsequently exercises its Option for such Collaboration Program, be shared as Development Costs.

(b) **Core Development Costs Relating to Post Exercise Development Activities.** Subject to Section 3.7.1(f), each Party shall bear fifty percent (50%) of all Core Development Costs incurred in connection with the performance of Post Exercise Development Activities. Within [***] after the end of each Calendar Quarter or, for the last Calendar Quarter of any Calendar Year, within [***] after the end of such Calendar Year, each Party shall report to the other all Core Development Costs incurred by such Party during such Calendar Quarter and Calendar Year, and the Party that has paid less than its fifty percent (50%) share of Core Development Costs during such Calendar Quarter shall make reconciling payments to the other Party to achieve such fifty percent (50%) sharing. Notwithstanding the foregoing, if the cumulative Core Development Costs with respect to a Collaboration Program exceed by more than [***] the Core Development Costs reflected in the Last Agreed Post Exercise Development Plan and Budget with respect to such Collaboration Program (the "**Excess Costs**") then (i) AbbVie shall initially be responsible for [***] of such Excess Costs and (ii) upon achievement of Regulatory Approval of the first Licensed Product for the Collaboration Program for which such Core Development Costs were incurred, Licensor shall be responsible, and shall reimburse AbbVie, for [***] of the Excess Costs with respect to such Collaboration Program (such amount to be reimbursed, the "**Excess Cost Reimbursement**"). [***].

(c) **Country-Specific Development Costs**. AbbVie shall initially be responsible for the Country-Specific Development Costs. Following Regulatory Approval for any Licensed Product in a country outside the Major Markets, AbbVie shall invoice Licensor for fifty percent (50%) of the Country-Specific Development Costs incurred with respect to such Licensed Product for such country prior to such Regulatory Approval [***].

(d) **Development Costs Relating to Additional Licensor Development Activities**. Licensor shall bear [***] of all Development Costs for Additional Licensor Development Activities unless AbbVie exercises the AbbVie Opt In, in which case AbbVie shall reimburse costs for the applicable Additional Licensor Development Activities pursuant to Section 3.3.4.

(e) **Development Costs for Second Generation Products and Additional Indications.**

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(i) If Licensor has not exercised a Licensor Opt Out with respect to a particular Collaboration Program, Licensor shall remain responsible for fifty percent (50%) of all Development Costs for all Second Generation Products and Additional Indications (including Additional Indications for such Second Generation Products) within such Collaboration Program under the terms of Section 3.7.1(b). If, after Licensor exercises a Licensor Opt Out with respect to the applicable Collaboration Program, Licensor provides a Licensor Continued Funding Notice for a Second Generation Product or Additional Indication pursuant to Section 6.5.2(b)(ii), the following shall apply. [***].

(ii) **Reports of Ongoing Second Generation and Additional Indication Development Costs; Payment Default**. For so long as Licensor has the right to maintain an Adjusted Royalty Rate for a Second Generation or Additional Indication under Section 6.5.2(b), then within [***] after the end of each Calendar Quarter, AbbVie shall provide Licensor with a statement in reasonable detail of, and invoice for, the Additional Development Costs incurred for such Additional Indication through the end of such Calendar Quarter. If at any time, Licensor materially defaults with respect to the payment of Licensor's Proportionate Share of Additional Development Costs with respect to a Second Generation Product or an Additional Indication for a Licensed Product, and Licensor does not correct such material default [***], then (a) in the case such breach pertains to an Additional Indication, the Additional Indication for which such material breach occurred shall be an Excluded Indication and the Base Royalty shall apply, and (b) in the case such breach pertains to the first Notice of Approval with respect to a Second Generation Product, then the Base Royalty shall thereafter apply to all Net Sales of such Second Generation Product for all Indications; provided that if within such [***] period Licensor disputes such alleged material default, then the process set out in Section 12.2 for disputed breaches shall apply *mutatis mutandis* and the applicable Adjusted Royalty will continue to apply unless and until an Adverse Ruling has been obtained pursuant to Section 13.7 and Licensor thereafter fails to cure such default [***]. For clarity, any payments determined to be due and owing to AbbVie shall promptly be paid by Licensor to AbbVie with interest accruing from the date payment should have been made until actually received by AbbVie in accordance with the provisions of Section 6.11.

(iii) **Calculation of Licensor's Proportionate Share**. For purposes of this Section 3.7.1(e) (and Section 6.5.2(b)(ii)), "**Licensor's Proportionate Share**" of the applicable Additional Development Costs shall mean [***].

(f) **Costs of Combination Studies**. If a Clinical Study involving a Licensed Product involves the use of such Licensed Product in combination with another product of AbbVie or its Affiliate, then unless otherwise agreed by the Parties, no more than [***] of the Out-of-Pocket Costs and Manufacturing Costs attributable to such Clinical Study shall be included as Development Costs.

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(g) **No Double Counting**. For clarity, no item shall be included in both Development Costs and Allowable Expenses, or otherwise be double counted in determining costs to be shared.

3.7.2 Licensor Development Opt Out. Licensor, may, upon [***] advance written notice to AbbVie, opt out of sharing Development Costs incurred in connection with the performance of AbbVie Post Exercise Development Activities one or both Collaboration Programs (a "**Licensor Development Opt Out**"), in which case, (i) Licensor shall not be obligated to share in additional Development Costs incurred after the Licensor Opt Out Date in connection with the performance of the Post Exercise Development Activities for the applicable Collaboration Program, (ii) Licensor shall not be entitled to receive ROW Profit or US Net Profits or be obligated to share in US Net Losses or reimburse Country-Specific Development Costs in connection with the applicable Collaboration Program pursuant to Section 6.3 or Section 3.7.1(c) above, and shall, instead receive royalties pursuant to Section 6.5, (iii) AbbVie shall no longer be required, pursuant to Section 3.7.3, to report to Licensor its Development Costs incurred in connection with the performance of Post Exercise Development Activities for the applicable Collaboration Program, and (iv) the JDC shall no longer have any responsibilities with respect to such Collaboration Program. For clarity, it is understood that Licensor may exercise the Licensor Development Opt Out at different times for the two Collaboration Programs, but once exercised with respect to a given Collaboration Program, such Licensor Development Opt Out shall be irrevocable. If at any time, Licensor materially defaults with respect to the payment of its share of Development Costs and does not correct such material default within [***] of written notice from AbbVie; AbbVie may, in its sole discretion, deem such material default to be a Licensor exercise of its Licensor Development Opt Out with respect to the applicable Collaboration Program(s) and thereafter, Section 6.5 shall apply as of the deemed date in lieu of Section 6.3; provided that if within such [***] period Licensor disputes such alleged material default, then the process set out in Section 12.2 for disputed breaches shall apply *mutatis mutandis* and AbbVie shall not have a right to deem Licensor to have exercised the Licensor Development Opt Out with respect to the applicable Licensed Product(s) unless and until an Adverse Ruling has been obtained pursuant to Section 13.7 and Licensor thereafter fails to cure such default within [***] of such ruling. For clarity, any payments determined to be due and owing to AbbVie shall promptly be paid by Licensor to AbbVie with interest accruing from the date payment should have been made until actually received by AbbVie in accordance with the provisions of Section 6.11.

3.7.3 Reports. Each Party shall report to the other Party, within [***] after the end of each Calendar Quarter, the Development Costs incurred by such Party during such Calendar Quarter; provided that AbbVie shall not be required to report its Development Costs incurred in connection with a Collaboration Program for which Licensor has exercised a Licensor Opt Out. Such report shall specify in reasonable detail all amounts included in such Development Costs during such Calendar Quarter (broken down by activity). Each such report shall enable the receiving Party to compare the reported costs against the applicable Development Plan and Budget, on both a quarterly basis and a cumulative basis for each activity. The Parties shall seek to resolve any questions related to such accounting statements within [***] following receipt by each Party of the other Party's report hereunder.

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3.8 Regulatory Matters.

3.8.1 Pre Exercise Regulatory Activities: Prior to the Option Exercise Date for a given Collaboration Program or, for any AbbVie Opt In Product prior to AbbVie's exercise of the AbbVie Opt In, the following shall apply with respect to such Collaboration Program or Licensed Product:

(a) Licensor shall have the sole right and responsibility to prepare, obtain and maintain all INDs necessary to perform its obligations under the Pre Exercise Development Plan and Budget, and to conduct communications with the applicable Regulatory Authorities with respect to such INDs; provided that Licensor must secure AbbVie's prior written consent prior to conducting any end-of Phase II meeting with respect to any Licensed Product. Licensor shall provide AbbVie with an opportunity to review and comment on all such INDs and material communications with the applicable Regulatory Authorities. Licensor shall provide access to interim drafts of such INDs and communications to AbbVie via the access methods (such as secure databases) established by the JDC, and AbbVie shall provide its comments on the final drafts of such INDs and communications within [***], or such other longer period of time mutually agreed to by the Parties. In the event that a Regulatory Authority establishes a response deadline for any such IND or communications shorter than such [***] period, the Parties shall work cooperatively to ensure AbbVie has a reasonable opportunity for review and comment within such deadlines, to the extent reasonably practicable. Licensor shall, and shall cause its Affiliates to, consider in good faith any such comments of AbbVie with respect to such INDs and communications.

(b) Subject to the immediately following sentence, Licensor shall provide AbbVie with (i) access to or copies of all material written or electronic correspondence (other than regulatory filings) relating to the Development or Commercialization of Licensed Antibodies or Licensed Products received by Licensor or its Affiliates from, or forwarded by Licensor or its Affiliates to, the Regulatory Authorities in the Territory, and (ii) copies of all meeting minutes and summaries of all meetings, conferences, and discussions held by Licensor or its Affiliates with the Regulatory Authorities in the Territory, including copies of all contact reports produced by Licensor or its Affiliates, in each case ((i) and (ii)) within [***] of its receipt, forwarding or production of the foregoing, as applicable. If such written or electronic correspondence received from any such Regulatory Authority relates to the withdrawal, suspension, or revocation of a Regulatory Approval for a Licensed Product, the prohibition or suspension of the supply of a Licensed Antibody or Licensed Product, or the initiation of any investigation, review, or inquiry by such Regulatory Authority concerning the safety of a Licensed Antibody or Licensed Product, Licensor shall notify AbbVie and provide AbbVie with copies of such written or electronic correspondence as soon as practicable, but not later than [***] after receipt of such correspondence.

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(c) Licensor shall provide AbbVie with prior written notice, to the extent Licensor has advance knowledge, of any scheduled meeting, conference, or discussion (including any advisory committee meeting) with a Regulatory Authority in the Territory relating to a Licensed Product, within [***] after Licensor or its first receives notice of the scheduling of such meeting, conference, or discussion (or within such shorter period as may be necessary in order to give AbbVie a reasonable opportunity to attend such meeting, conference, or discussion). AbbVie shall have the right to have one or (to the extent reasonably practical) more of its employees or agents attend as an observer (but not participate in) all such meetings, conferences, and discussions.

3.8.2 Post Exercise Regulatory Activities. Effective on the Option Exercise Date for a given Collaboration Program, or (b) the AbbVie Opt In Exercise Date for an AbbVie Opt In Product, the following shall apply with respect to such Collaboration Program or AbbVie Opt In Product, as applicable:

(a) Promptly after the Option Exercise Date for a given Collaboration Program or the AbbVie Opt In Exercise Date for a given AbbVie Opt In Product, Licensor shall transition to AbbVie all INDs for Licensed Antibodies and Licensed Products in such Collaboration Program or for such AbbVie Opt In Product. All Regulatory Documentation (including all Regulatory Approvals and Product Labeling) relating to the Licensed Antibodies or Licensed Products with respect to the Territory shall be owned by, and shall be the sole property and held in the name of, AbbVie or its designated Affiliate, Sublicensee or designee. Licensor hereby assigns to AbbVie all of its right, title, and interest in and to all Existing Regulatory Documentation (including any existing INDs) and all other Regulatory Documentation Controlled by Licensor from time to time during the Term. Licensor shall duly execute and deliver, or cause to be duly executed and delivered, such instruments and shall do and cause to be done such acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary under, or as AbbVie may reasonably request in connection with, or to carry out more effectively the purpose of, or to better assure and confirm unto AbbVie its rights under, this Section.

(b) As between the Parties, AbbVie shall have the sole right to prepare, obtain, and maintain the Drug Approval Applications (including the setting of the overall regulatory strategy therefor), other regulatory approvals and other submissions, and to conduct communications with the Regulatory Authorities, for Licensed Antibodies or Licensed Products in the Territory (which shall include filings of or with respect to INDs and other filings or communications with the Regulatory Authorities with respect to Post Exercise Development Activities). Licensor shall support AbbVie, as may be reasonably necessary, in obtaining

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Regulatory Approvals for the Licensed Products, and in the activities in support thereof, including providing necessary documents or other materials required by Applicable Law to obtain Regulatory Approvals, in each case in accordance with the terms and conditions of this Agreement and the applicable Post Exercise Development Plan and Budget.

(c) AbbVie shall provide Licensor with an opportunity to review and comment on all INDs, pre-meeting submissions, Drug Approval Applications, material labeling supplements, Regulatory Authority meeting requests, core data sheets and other material regulatory submissions (collectively, "**Major Regulatory Filings**") in the Major Markets. AbbVie shall provide access to interim drafts of such Major Regulatory Filings to Licensor via the access methods (such as secure databases) established by the JDC, and Licensor shall provide its comments on the final drafts of such Major Regulatory Filings or of proposed material actions within [***] ([***] for Drug Approval Applications), or such other longer period of time mutually agreed to by the Parties. In the event that a Regulatory Authority establishes a response deadline for any such Major Regulatory Filing or material action shorter than such [***], the Parties shall work cooperatively to ensure the other Party has a reasonable opportunity for review and comment within such deadlines. AbbVie shall, and shall cause its Affiliates and Sublicensees to, consider in good faith any such comments of Licensor.

(d) AbbVie shall provide Licensor with prior written notice, to the extent AbbVie has advance knowledge, of any scheduled meeting, conference, or discussion (including any advisory committee meeting) with a Regulatory Authority in the Major Markets relating to a Licensed Product, within [***] after AbbVie or its Affiliate or Sublicensee first receives notice of the scheduling of such meeting, conference, or discussion (or within such shorter period as may be necessary in order to give Licensor a reasonable opportunity to attend such meeting, conference, or discussion). Licensor shall have the right to have one Licensor employees attend as an observer (but not participate in) all such meetings, conferences, and discussions.

(e) AbbVie shall make every reasonable effort to notify Licensor promptly following its determination that any event, incident, or circumstance has occurred that may result in the need for an application withdrawal during the review period, recall, market suspension, or market withdrawal of a Licensed Product in the Territory, and shall include in such notice the reasoning behind such determination, and any supporting facts. AbbVie (or its Sublicensee) shall have the right to make the final determination whether to voluntarily implement any such recall, market suspension, or market withdrawal in the Territory. If a recall, market suspension, or market withdrawal is mandated by a Regulatory Authority in the Territory, AbbVie (or its Sublicensee) shall initiate such a recall, market suspension, or market withdrawal in compliance with Applicable Law. For all recalls, market suspensions or market withdrawals undertaken pursuant to this Section 3.8.2(e), AbbVie (or its Sublicensee) responsible for the recall, market suspension, or market withdrawal shall be solely responsible for the execution

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thereof, and Licensor shall reasonably cooperate in all such recall efforts. Subject to ARTICLE 11, (i) in the event and to the extent that a recall, market suspension, or market withdrawal resulted from a Party's or its Affiliate's breach of its obligations hereunder, or from such Party's or its Affiliate's negligence or willful misconduct, such Party shall bear the expense of such recall, market suspension, or market withdrawal and (ii) with respect to any other recall, market suspension, or market withdrawal of a Licensed Product in the Territory, the expenses incurred by the Parties as a result of such recall, market suspension, or market withdrawal shall be included in Allowable Expenses hereunder and shared by the Parties pursuant to Section 6.3.2(a).

3.8.3 Regulatory Data.

(a) Licensor shall promptly provide to AbbVie copies of or access to non-clinical data and Clinical Data, and other Information, results, and analyses with respect to any Development activities and Additional Licensor Development Activities, that are Controlled by Licensor or any of its Affiliates (collectively, "**Regulatory Data**"), in accordance with Sections 3.1, 3.2 and 3.3 above and shall keep the JDC informed of Additional Licensor Development Activities in accordance with ARTICLE 2 above. Without limiting the foregoing, Licensor shall, within [***] of the Effective Date, provide to AbbVie, in such form and format as AbbVie may reasonably request, (i) copies of all correspondence, as of the Effective Date, to and from any Regulatory Authority that relates to the Licensed Antibody or Licensed Product, and (ii) all existing Regulatory Documentation to be assigned to AbbVie pursuant to Section 3.8.2(a).

(b) Licensor shall support AbbVie, as may be reasonably necessary or appropriate, in obtaining Regulatory Approval for the Licensed Antibody or Licensed Products, including providing necessary documents or other materials required by Applicable Law to obtain Regulatory Approvals, in each case in accordance with the terms and conditions of this Agreement and any applicable Development Plan and Budget.

3.9 Compliance. Each Party shall perform or cause to be performed, any and all of its Party Development Activities and the Additional Licensor Development Activities in good scientific manner and in compliance with all Applicable Law.

3.10 Records.

3.10.1 Licensor shall, and shall ensure that its Third Party Providers, maintain records in sufficient detail and in good scientific manner appropriate for patent and regulatory purposes, and in compliance with Applicable Law, which shall be complete and accurate and shall properly reflect all work done and results achieved in the performance of its designated Party Development Activities which shall record only such activities and shall not include or be commingled with records of activities outside the scope of this Agreement. Such records shall be retained by Licensor for at least three (3) years after the termination of this Agreement, or for such longer period as may be required by Applicable Law. Upon request, Licensor shall provide copies of the records it has maintained pursuant to this Section 3.10.1 to AbbVie.

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3.10.2 AbbVie shall have the right, during normal business hours and upon reasonable notice, to inspect and copy all records of Licensor maintained pursuant to Section 3.10.1. AbbVie shall maintain such records and the information disclosed therein in confidence in accordance with ARTICLE 9.

3.10.3 Without limiting Section 7.1.5(b), [***], each Party shall provide to the other access to or copies of written reports of such Development activities as such Party produces in the ordinary course of business and other Information with respect to such Activities, in each case as the other Party may reasonably request.

3.11 Human Samples. All human samples collected and retained in connection with Clinical Studies involving a Licensed Antibody or Licensed Product that are performed under a Development Plan and Budget or for which costs are shared as Allowable Expenses (together with compilations of Information comprising annotations regarding patient histories or correlating patient outcomes, with respect to such samples, the "**Human Samples**") shall be a shared resource of the Parties. Unless otherwise agreed by the Parties, all Human Samples shall be maintained and stored at the facilities of a Third Party reasonably agreed by the Parties, and the fees paid to such Third Party in connection with such maintenance and storage shall be shared equally by the Parties. Each Party shall access and use the Human Samples, and authorize Affiliates and Third Parties to access or use the Human Samples, outside of the Collaboration Programs only as reasonably agreed by the Parties. If the Parties are unable to reach agreement on the storage, access to or use of the Human Samples, the matter shall be determined pursuant to Section 13.7.4 below. Notwithstanding anything herein to the contrary, the Parties agree that in no case shall either Party propose any access or use of the Human Samples which would (1) conflict with the terms of the informed consent under which the relevant Patient Sample was collected or (2) violate Applicable Law. Either Party shall have the right to access such samples in connection with such Party's performance of its Party Development Activities.

ARTICLE 4.
COMMERCIALIZATION

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

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4.2 Commercialization Plan.

4.2.1 If Licensor has not exercised the Licensor Opt Out with respect to a given Collaboration Program, the Commercialization of the Licensed Products for such Collaboration Program shall be conducted pursuant to a multi-year plan and budget approved by the JCC (each, a "**Commercialization Plan and Budget**"). For all Licensed Products in each Collaboration Program for which AbbVie has exercised its Option and for which Licensor has not exercised the Licensor Opt Out, AbbVie shall propose to the JCC the initial Commercialization Plan and Budget, such plan to be provided to the JCC when prepared, [***]. Such plan shall allocate responsibility for such Commercialization activities to AbbVie or its designees. For clarity, If Licensor has exercised the Licensor Opt Out with respect to a Collaboration Program or for an AbbVie Opt In Product, as applicable, no Commercialization Plan and Budget shall be required for such Collaboration Program or AbbVie Opt In Product, as applicable.

4.2.2 Each Commercialization Plan and Budget shall include [***].

4.2.3 The JCC shall review each Commercialization Plan and Budget [***] and, thereafter, at least annually, and shall review amendments thereto made by AbbVie. AbbVie shall provide to the JCC the Commercialization Plan and Budget for the next succeeding year no later than [***] of each calendar year.

4.3 Diligence. AbbVie shall use Commercially Reasonable Efforts to Commercialize a Licensed Product [***]; provided that (a) such obligation is expressly conditioned upon Licensor's and its Affiliates' performing their respective obligations hereunder, and (b) such obligation shall be delayed or suspended for as long as any failure by Licensee or its Affiliates to perform their respective obligations hereunder persists; [***]. Licensor acknowledges and agrees that, in addition to the foregoing, (a) the Commercialization of Licensed Product may be delayed, suspended or otherwise modified by AbbVie in response to circumstances outside the reasonable control of AbbVie, including force majeure events, (b) AbbVie shall have the right to satisfy its diligence obligations under this Section 4.3 through its Affiliates or Sublicensees, and (c) nothing in this Section 4.3 is intended, or shall be construed, to require AbbVie to Develop or Commercialize a specific Licensed Antibody or Licensed Product. If AbbVie decides to discontinue the development or commercialization of a Licensed Antibody or Licensed Product in favor of another Licensed Antibody or Licensed Product, its obligations under this Section 4.3 shall cease with respect to such initial Licensed Antibody or Licensed Product in favor of such other Licensed Antibody or Licensed Product. If at any time Licensor has a reasonable basis to believe that AbbVie is in material breach of its material obligations under this Section 4.3, then Licensor may so notify AbbVie, specifying the basis for its belief, and the Parties shall meet within [***] after such notice to discuss in good faith Licensor's concerns and AbbVie's Commercialization plans with respect to Licensed Product.

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

4.5 Booking of Sales; Distribution. AbbVie shall have the sole right to invoice and book sales, establish all terms of sale (including pricing and discounts) and warehousing, and distribute the Licensed Products in the Territory and to perform or cause to be performed all related services. AbbVie shall handle all returns, recalls, or withdrawals, order processing, invoicing, collection, distribution, and inventory management with respect to the Licensed Products in the Territory. If Licensor in good faith believes that AbbVie's pricing or discounting of Licensed Product materially disadvantages the Licensed Product and is intended to shift material revenues to or materially benefit another product of AbbVie or its Affiliate, Licensor shall promptly provide written notice to AbbVie detailing the basis for Licensor's belief. Following AbbVie's receipt of such notice, the Parties shall discuss Licensor's concerns and AbbVie shall use Commercially Reasonable Efforts to address any reasonable concerns related to pricing and discounting that materially disadvantages the Licensed Product and is intended to shift material revenues to or materially benefit another product of AbbVie or its Affiliate.

4.6 Product Trademarks. Subject to Section 4.7, AbbVie shall have the sole right to determine and own the Product Trademarks to be used with respect to the Exploitation of the Licensed Products on a worldwide basis. Subject to any pre-existing Trademarks Licensor may have, Licensor shall not, and shall not permit its Affiliates to, (a) use in their respective businesses, any Trademark that is confusingly similar to, misleading or deceptive with respect to or that dilutes any (or any part) of the Product Trademarks, and (b) do any act which endangers, destroys, or similarly affects, in any material respect, the value of the goodwill pertaining to the Product Trademarks. Licensor agrees, and shall cause its Affiliates, to conform (i) to the customary industry standards for the protection of Product Trademarks for products and such guidelines of AbbVie with respect to manner of use (as provided in writing by AbbVie) of the Product Trademarks, and (ii) to maintain the quality standards of AbbVie with respect to the goods sold and services provided in connection with such Product Trademarks. Without limiting any pre-existing Trademarks Licensor may have, Licensor shall not, and shall not permit its Affiliates to, attack, dispute, or contest the validity of or ownership of such Product Trademark anywhere in the Territory or any registrations issued or issuing with respect thereto.

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

4.8 Commercial Supply of Licensed Antibodies or Licensed Products. As between the Parties, AbbVie shall have the sole right, and shall be solely responsible for, at its initial expense (but includable in Allowable Expenses and ROW Profit, as applicable), having Manufactured and supplied the Licensed Antibody and Licensed Products for commercial sale in the Territory by AbbVie and its Affiliates and Sublicensees (subject to Section 3.5.3, if applicable).

ARTICLE 5.
GRANT OF RIGHTS

5.1 Option Grants to AbbVie.

5.1.1 Licensor hereby grants, on a Collaboration Program-by-Collaboration Program basis, to AbbVie the exclusive right, but not the obligation, to obtain the licenses set forth in Section 5.2.2 (the "**Option**"). AbbVie shall have the right to exercise its Option with respect to a Collaboration Program by providing written notice of such election to Licensor (the "**Option Exercise Notice**") [***] (the "**Option Period**"). By providing such Option Exercise Notice and as of the date thereof (the "**Option Exercise Date**"), AbbVie shall be deemed to have entered into the licenses set forth in Section 5.2.2.

5.1.2 For purposes of clarity, AbbVie, in its sole discretion, shall have the right to exercise its Option with respect to each Collaboration Program on a Collaboration Program-by-Collaboration Program basis as set forth in Section 5.1.1.

5.2 License Grants to AbbVie.

5.2.1 Upon the Effective Date, Licensor (on behalf of itself and its Affiliates) hereby grants to AbbVie a non-exclusive, royalty-free license, with the right to grant sublicenses in accordance with Section 5.4, under the Licensor Background Patents, the Licensor Background Know-How, Licensor Program Patents, Licensor Program Know-How, and Licensor's interests in the Joint Program Patents and the Joint Program Know-How, to Develop and Manufacture the Licensed Antibodies or Licensed Products solely for purposes of performing its obligations as set forth in, and subject to, each applicable Development Plan and Budget.

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5.2.2 Upon the Option Exercise Date with respect to a given Collaboration Program, Licensor (on behalf of itself and its Affiliates) hereby grants to AbbVie, with respect to such Collaboration Program:

(a) an exclusive (including with regard to Licensor and its Affiliates) license (or sublicense), with the right to grant sublicenses in accordance with Section 5.4, under the Licensor Background Patents, the Licensor Background Know-How, Licensor Program Patents, Licensor Program Know-How, and Licensor's interests in the Joint Program Patents and the Joint Program Know-How, to Exploit Licensed Antibodies and Licensed Products in the Field in the Territory;

(b) an exclusive (including with regard to Licensor and its Affiliates) license and right of reference, with the right to grant sublicenses and further rights of reference in accordance with Section 5.4, under the Regulatory Approvals and any other Regulatory Documentation that Licensor or its Affiliates may Control with respect to the Licensed Antibodies or Licensed Products as necessary for purposes of Exploiting the Licensed Antibody and Licensed Products in the Field in the Territory; and

(c) subject to Section 7.1.6, a non-exclusive license, with the right to grant sublicenses in accordance with Section 5.4, to use Licensor's Corporate Names solely as required by Applicable Law to Exploit the Licensed Antibodies or Licensed Products in the Field in the Territory and for no other purpose.

5.2.3 The grants set forth in Section 5.2.2 will automatically come into full force and effect on the Option Exercise Date for such Collaboration Program without any further action required by either Party under this Agreement.

5.3 Grants to Licensor. Upon the Effective Date, AbbVie grants to Licensor a non-exclusive, royalty-free license, without the right to grant sublicenses, under the AbbVie Program Patents, AbbVie Program Know-How, and AbbVie's interests in the Joint Program Patents and the Joint Program Know-How, to Develop and Manufacture the Licensed Antibodies or Licensed Products solely for purposes of performing its obligations as set forth in, and subject to, each applicable Development Plan and Budget.

5.4 Sublicenses. AbbVie shall have the right to grant sublicenses (or further rights of reference), through multiple tiers of sublicensees, under the licenses and rights of reference granted in Section 5.2, to its Affiliates and other Persons; *provided* that any such sublicenses shall be consistent with the terms and conditions of this Agreement. [***].

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5.5 Distributorships. AbbVie shall have the right, in its sole discretion, to appoint its Affiliates, and except as provided in Section 5.4 above with respect to Sublicensees in Major Markets, AbbVie and its Affiliates shall have the right, in their sole discretion, to appoint any other Persons, in the Territory or in any country or other jurisdiction of the Territory, to distribute, market, and sell the Licensed Products (with or without packaging rights), in circumstances where the Person purchases its requirements of Licensed Products from AbbVie or its Affiliates. Where AbbVie or its Affiliates appoints such a Person and such Person is not an Affiliate of AbbVie, that Person shall be a "**Distributor**" for purposes of this Agreement. The term "packaging rights" in this Section 5.5 means the right for the Distributor to package Licensed Products supplied in unpackaged bulk form into individual ready-for-sale packs.

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

5.7 Third Party Intellectual Property. With respect to any Third Party Information, inventions or Patents that are in-licensed or otherwise acquired by Licensor and fall within the definition of Licensor Background Know-How or Licensor Background Patents, including any Information, inventions or Patents that were in-licensed pursuant to an In-License Agreement (collectively, "**Third Party Technology**"), the following shall apply:

5.7.1 In the case of Third Party Technology in-licensed by Licensor pursuant to an Existing In-License Agreement, (a) Licensor shall be solely responsible for any milestone payments, royalties or other amounts that become owing to such Third Party at any time prior to the Option Exercise Date for the Collaboration Program for which such Existing In-License Agreement applies and (b) commencing on the Option Exercise Date for the Collaboration

Program for which such Existing In-License Agreement applies, Licensor shall be (i) initially responsible for any royalties that become owing to such Third Party solely by reason of AbbVie's Commercialization of Licensed Products that use such Third Party Technology, and (ii) solely responsible for any milestone payments or other non-royalty payments owing to such Third Party by reason of AbbVie's Development or Commercialization of Licensed Products that use such Third Party Technology. [***].

5.7.2 Licensor may [***].

5.7.3 To the extent that any such payments made by Licensor under an agreement to acquire Third Party Technology are not specifically attributable to the Exploitation of a Licensed Antibody or Licensed Product, but are attributable to the acquisition of rights to both (a) Third Party Technology used for the Licensed Product or Licensed Antibody and (b) Third Party Technology or other technology used for other antibodies, compounds or products, that portion of such amounts attributable to the Exploitation of a Licensed Antibody or Licensed Products shall be included in Development Costs or Allowable Expenses or reimbursed to Licensor by AbbVie and [***] may be deducted from royalties under Section 6.5.4(b) or [***] may be deducted from Net Sales pursuant to Section 1.209 for purposes of calculating ROW Profit, as applicable.

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5.7.4 For clarity, regardless of whether Licensor has provided AbbVie with an option to do so pursuant to Section 5.7.2, AbbVie or its Affiliates may choose to enter into license agreements with Third Parties as necessary or useful for AbbVie and its Affiliates, and its and their Sublicensees to Develop, Manufacture, and Commercialize Licensed Antibody and Licensed Products.

5.8 Retention of Rights.

5.8.1 Notwithstanding the exclusive licenses granted to AbbVie pursuant to Section 5.2, Licensor retains the right to practice under the Licensor Background Patents, the Licensor Background Know-How, the Licensor Program Patents, the Licensor Program Know-How, Licensor's interests in the Joint Program Patents and the Joint Program Know-How, Regulatory Approvals and any other Regulatory Documentation (a) to perform (and to sublicense Third Parties to perform as permitted hereunder) its obligations under this Agreement (including Development and the manufacture and supply of Licensed Antibody and Licensed Product to AbbVie, as applicable) and (b) to perform Additional Licensor Development Activities pursuant to Section 3.3. Except as expressly provided herein, Licensor grants no other right or license, including any rights or licenses to the Licensor Background Patents, the Licensor Program Patents, the Licensor Background Know-How, the Licensor Program Know-How, the Regulatory Documentation, the Licensor Corporate Names, or any other Patent or intellectual property rights not otherwise expressly granted herein.

5.8.2 Except as expressly provided herein, AbbVie grants no other right or license, including any rights or licenses to the AbbVie Background Patents, the AbbVie Program Patents, the AbbVie Background Know-How, the AbbVie Program Know-How, the Regulatory Documentation, or any other Patent or intellectual property rights not otherwise expressly granted herein. Unless Licensor incorporates a New Technology into a Licensed Antibody or Licensed Product or the Parties otherwise agree, the license granted under Section 5.2 to Licensor Background Patents and Licensor Background Know-How shall not be deemed to include a license to Exploit such New Technology.

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

5.10 Exclusivity.

5.10.1 Licensor Covenant.

(a) During the Term, except under a Collaboration Program, Licensor shall not, and shall cause its Affiliates not to (i) directly or indirectly, develop, commercialize or manufacture any Antibody, either alone or in combination with any other therapeutically active ingredients (or any product incorporating such Antibody) specifically binding to Trem2 or CD33 and a principal therapeutic mechanism of action of which is mediated as a result of such binding (a "**Licensor Competing Product**"), or (ii) license, authorize, appoint, or otherwise enable any Third Party to perform any of the activities under clause (i). For clarity, Licensor shall be permitted to perform Additional Licensor Development Activities in accordance with the provisions of Section 3.3 and the other terms of this Agreement (including AbbVie's Opt In rights), and if AbbVie elects not to exercise its AbbVie Opt In with respect to the applicable Licensed Antibody authorized under Section 3.3.2, Licensor shall be permitted to commercialize such Licensed Antibody for such Additional Indication that has received Regulatory Approval, subject to the terms of the agreement negotiated between the Parties pursuant to Section 3.3.1.

(b) Notwithstanding the provisions of Section 5.10.1(a), if, during the Term, Licensor undergoes a Change in Control and the acquirer is either then commercializing a Licensor Competing Product in the Field, or has in Development any Licensor Competing Product in the Field, such Change in Control, and the commercialization (or development and subsequent commercialization, if such Licensor Competing Product obtains Regulatory Approval) of such Licensor Competing Product in the Field by such acquirer or any of its Affiliates (and other activities permitted under Section 13.2 below), shall not constitute a breach of Section 5.10.1(a); provided, that, such acquirer Segregates the Competing Product.

5.10.2 AbbVie Covenant.

(a) During the Term, except under a Collaboration Program, AbbVie shall not, and shall cause its Affiliates not to [***]. For clarity, AbbVie may (and may authorize, appoint, or otherwise enable any Third Party to) develop, commercialize or manufacture any Antibody [***].

(b) Notwithstanding the provisions of Section 5.10.2(a), if, during the Term, (i) AbbVie or any of its Affiliates acquires rights to an AbbVie Competing Product through an Acquisition, such Acquisition, and the commercialization of such AbbVie Competing Product in the Field thereafter, shall not constitute a breach of Section 5.10.2(a) if AbbVie or such Affiliate, as applicable, (x) Divests such Competing Product [***] and (y) prior to such Divestiture, Segregates such AbbVie Competing Product; or (ii) AbbVie undergoes a Change in Control and the relevant acquirer is either then commercializing an AbbVie Competing Product in the Field, or has in Development any AbbVie Competing Product in the Field, such Change in Control, and the commercialization (or development and subsequent commercialization, if such AbbVie Competing Product obtains Regulatory Approval) of such AbbVie Competing Product in the Field by such relevant acquirer or any of its Affiliates, shall not constitute a breach of Section 5.10.2(a); provided that such acquirer Segregates the AbbVie Competing Product.

ARTICLE 6.
PAYMENTS AND RECORDS

6.1 Upfront Payment. AbbVie shall pay Licensor an upfront amount equal to Two Hundred Five Million Dollars ($205,000,000), Five Million Dollars ($5,000,000) of which shall be due no later than thirty (30) days following the Execution Date, with the remaining Two Hundred Million Dollars ($200,000,000) due on January 5, 2018. Such payment shall be noncreditable against any other payments due hereunder.

6.2 Development Milestones. In partial consideration of the rights granted by Licensor to AbbVie hereunder and subject to the terms and conditions set forth in this Agreement, AbbVie shall pay to Licensor a milestone payment [***] after the achievement of each of the following milestones for the first Licensed Product for each Collaboration Program, on a Collaboration Program by Collaboration Program basis, calculated as follows:

6.2.1 upon [***]; and

6.2.2 upon [***], as follows:

(i) [***];

(ii) [***]; and

(iii) [***].

(iv) For clarity:

(A) The Licensed Product [***]; provided that once a milestone payment has been paid for [***] no subsequent milestone payments shall be required after [***].

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(B) For purposes of this Section 6.2, any [***], but once a milestone payment is made under this Section 6.2.2 for [***], no further milestone shall be due under this Section if [***]; and

(C) The total amount payable under this Section 6.2.2 with respect to a Collaboration Program shall not exceed [***].

6.2.3 Upon [***], AbbVie shall pay to Licensor a milestone payment in the amount of [***].

6.2.4 Upon [***], AbbVie shall pay to Licensor a milestone payment in the amount of [***].

6.2.5 Each milestone payment in Section 6.2.1, 6.2.2, 6.2.3, and 6.2.4 shall be payable only upon the first achievement of such milestone with respect to a Collaboration Program and no amounts shall be due for subsequent or repeated achievements of such milestone with respect to such Collaboration Program, whether for the same or a different Licensed Antibody or Licensed Product. The maximum aggregate amount payable by AbbVie pursuant to Section 6.2.1 [***], the maximum aggregate amounts payable pursuant to Section 6.2.2 [***], and the maximum aggregate amounts payable pursuant to Sections 6.2.3, and 6.2.4 [***].

6.3 Profit and Loss.

6.3.1 Licensor Commercialization Opt Out. If Licensor has not already exercised a Development Opt Out for the applicable Collaboration Program, Licensor, may, upon [***] advance written notice to AbbVie, opt out of sharing US Net Losses for one or both Collaboration Programs, as applicable (a "**Licensor Commercialization Opt Out**"), in which case, thereafter (i) Licensor shall not be obligated to share in US Net Losses (or reimburse Country-Specific Development Costs) or be entitled to receive ROW Profit or US Net Profits in connection with the applicable Collaboration Program(s) or AbbVie Opt In Product(s) pursuant to Section 6.3.2, as applicable, and shall, instead receive royalties pursuant to Section 6.5 with respect to such Collaboration Program(s) or AbbVie Opt In Product, respectively, (ii) AbbVie shall provide reports pursuant to Section 6.6, but shall not be required to provide any reports pursuant to Section 6.4 in connection with such Collaboration Program (s) or AbbVie Opt In Product(s), as applicable, and (iii) the JCC shall no longer have any responsibilities with respect to such Collaboration Program (s) or AbbVie Opt In Product(s), as applicable. For clarity, it is understood that Licensor may exercise the Licensor Commercialization Opt Out at different times for each Collaboration Program or AbbVie Opt In Product, but once exercised with respect to a given Licensed Collaboration Program or AbbVie Opt In Product, such Licensor Commercialization Opt Out shall be irrevocable. If at any time, Licensor materially defaults with respect to the payment of its share of US Net Losses or Country-Specific Development Costs with respect to one or more Licensed Products and does not correct such material default

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[***]; AbbVie may, in its sole discretion, deem such material default to be a Licensor exercise of its Licensor Commercialization Opt Out with respect to the applicable Collaboration Program(s) that are the subject of such default and thereafter, Section 6.5 shall apply as of the deemed date in lieu of Sections 6.3, provided that if [***] Licensor disputes such alleged material default, then the process set out in Section 12.2 for disputed breaches shall apply *mutatis mutandis* and AbbVie shall not have a right to deem Licensor to have exercised the Licensor Commercialization Opt Out with respect to the applicable Collaboration Program(s) unless and until an Adverse Ruling has been obtained pursuant to Section 13.7 and Licensor thereafter fails to cure such default [***]. For clarity, any payments determined to be due and owing to AbbVie shall promptly be paid by Licensor to AbbVie with interest accruing from the date payment should have been made until actually received by AbbVie in accordance with the provisions of Section 6.11.

6.3.2 Profit and Loss Sharing. If AbbVie has exercised its Option with respect to a given Collaboration Program or AbbVie has exercised the AbbVie Opt In with respect to an AbbVie Opt In Product and, in either case, Licensor has not exercised its Licensor Opt Out with respect to such Collaboration Program(s)or AbbVie Opt In Product, as applicable, the terms and conditions of this Section 6.3.2 and Section 6.4 shall govern each Party's rights and obligations with respect to US Net Profits, US Net Losses and ROW Profit relating to the Licensed Products for such Collaboration Program or AbbVie Opt In Product, as applicable. For clarity, if AbbVie has exercised its Option with respect to a given Collaboration Program or AbbVie has exercised the AbbVie Opt In for a particular AbbVie Opt In Product, and Licensor has exercised its Opt Out with respect thereto, Section 6.5 shall apply in lieu of this Section 6.3.2 and Section 3.7.1(c) above with respect to such Collaboration Program or AbbVie Opt In Product, as applicable.

(a) **United States.** Subject to Section 6.4, (i) Licensor shall receive fifty percent (50%) of all US Net Profits, and bear fifty percent (50%) of all US Net Losses, as applicable, attributable to Licensed Products for the United States, and (ii) AbbVie shall receive fifty percent (50%) of all US Net Profits, and bear fifty percent (50%) of all US Net Losses, as applicable, attributable to Licensed Products for the United States.

(b) **Rest of World.** Subject to Section 6.4, (i) AbbVie shall receive [***] of ROW Profit for each Collaboration Program until the aggregate Row Profit received by AbbVie reaches [***] (the "**ROW Profit Threshold**") for such Collaboration Program; and (ii) thereafter Licensor shall receive [***] of ROW Profit attributable to Licensed Products for such Collaboration Program, and AbbVie shall retain [***] of ROW Profit attributable to Commercialization of Licensed Products. For clarity it is understood that the amount of the ROW Profit Threshold is based on the anticipated losses to be incurred by AbbVie in launching the first Licensed Product for the applicable Collaboration Program in all of the non-US Major Markets, and that such launches will be made [***], the same will be determined pursuant to Section 13.7.4 below.

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6.4 Calculation and Payment of US Net Profit, US Net Loss or ROW Profit Share.

6.4.1 United States Reports and Payments. If AbbVie has exercised its Option with respect to a given Collaboration Program or AbbVie has exercised the AbbVie Opt In with respect to an AbbVie Opt In Product and, in either case, Licensor has not exercised a Licensor Opt Out with respect to the applicable Collaboration Program or AbbVie Opt In Product, as applicable, [***] after the end of each Calendar Quarter following such exercise, AbbVie shall report to Licensor the Net Sales and Other Income, and each Party shall report to the other the Allowable Expenses incurred by such Party and its Affiliates for each such Licensed Product or AbbVie Opt In Product, as applicable, during such Calendar Quarter in the United States; provided that in case of the first Calendar Quarter for which such report is due, AbbVie shall additionally report all Allowable Expenses incurred after the applicable Option Exercise Date and prior to such Calendar Quarter with respect to such Licensed. Within [***] after the end of each Calendar Quarter (or for the last Calendar Quarter in a Calendar Year, [***] after the end of such Calendar Quarter), AbbVie shall provide Licensor a written report setting forth in reasonable detail the calculation of US Net Profit or US Net Loss in the United States for such applicable Calendar Quarter, amounts owed by Licensor to AbbVie or by AbbVie to Licensor, as the case may be, as necessary to accomplish the sharing of the US Net Profit or US Net Loss in the United States as set forth in Section 6.3.2(a) for the applicable Calendar Quarter. If there is a US Net Profit for such Calendar Quarter, then AbbVie shall pay to Licensor an amount equal to fifty percent (50%) of US Net Profits for such Calendar Quarter, or if there is a US Net Loss for such Calendar Quarter, then Licensor shall reimburse AbbVie an amount necessary to achieve a fifty percent (50%) sharing of the US Net Losses for such Calendar Quarter. Payments to reconcile US Net Profit or US Net Loss in the United States shall be paid within [***] after such report is provided to Licensor.

6.4.2 ROW Reports and Payments. If AbbVie has exercised its Option with respect to a given Collaboration Program or AbbVie has exercised the AbbVie Opt In with respect to an AbbVie Opt In Product and, in either case, Licensor has not exercised a Licensor Opt Out with respect to the applicable Collaboration Program or AbbVie Opt In Product, as applicable, AbbVie shall report to Licensor, within [***] after the end of each Calendar Quarter following such exercise, with regard to Net Sales and with regard to Country-Specific Development Costs, Manufacturing Cost incurred, and Other Income received, by AbbVie and its Affiliates for each such Licensed Product or AbbVie Opt In Product, as applicable during such Calendar Quarter in the ROW. Within [***] after the end of each Calendar Quarter (or for the last Calendar Quarter in a Calendar Year, [***] after the end of such Calendar Quarter), AbbVie shall provide Licensor a written report setting forth in reasonable detail the calculation

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of the ROW Profit for such applicable Calendar Quarter and, after the ROW Profit Threshold has been reached, any amounts owed by AbbVie to Licensor that are necessary to accomplish the sharing ROW Profit as set forth in Section 6.3.2(b) for the applicable Calendar Quarter. After the ROW Profit Threshold has been reached, payments to reconcile ROW Profit shall be paid within [***] after such report is provided to Licensor. If the ROW Profit with respect to a given Licensed Product (including any Opt In Product) within such Collaboration Program is negative in any Calendar Quarter (or portion thereof) beginning after the ROW Profit Threshold has been reached for such Collaboration Program, AbbVie shall carry forward and include such negative amount in the calculation of ROW Profit for such Licensed Product in future Calendar Quarters.

6.4.3 Last Calendar Quarter. No separate payment shall be made for the last Calendar Quarter in any Calendar Year. Instead, at the end of each such Calendar Year, a final reconciliation shall be conducted by comparing the share of ROW Profit, US Net Profit or US Net Loss, as applicable, to which a Party is otherwise entitled for such Calendar Year pursuant to Sections 6.3.2 and 6.4 against the sum of all amounts (if any) previously paid or retained by such Party for prior Calendar Quarters during such Calendar Year, and the Parties shall make reconciling payments to one another no later than [***] after the end of such Calendar Quarter, if and as necessary to ensure that each Party receives for such Calendar Year its share of ROW Profit or US Net Profits and bears its share of US Net Losses in accordance with Section 6.3.2.

6.4.4 FTE Records and Calculations. Each Party shall record and account for its FTE effort with respect to each Licensed Antibody or Licensed Product to the extent that such FTE efforts are included in Manufacturing Costs, Development Costs or Allowable Expenses that are, or may in the future be, shared under this Agreement, and shall report such FTE effort to the JDC or the JCC, as applicable, if requested (such request not to be more than on a quarterly basis). Each Party shall calculate and maintain records of FTE effort incurred by it in the same manner as used for other products developed or commercialized by such Party, and in any case in a fair and reasonable manner. Neither Party shall be required to record the actual FTE hours worked (i.e., FTEs may be recorded on a percentage of time basis) and all FTE expenses shall be charged at the applicable FTE Rate; provided, that Out-of-Pocket Costs will be charged based on actual expenses incurred. Each Party's FTE Rates for the applicable functional area shall be set forth in Schedule 6.4.4. Either Party can request an adjustment to the FTE Rate by providing written notice to the other Party if it believes the then-current FTE Rate no longer reflects the actual fully absorbed costs of a full-time employee in the functional area of the Party to which such FTE Rate applies (provided that such request may not be made more than once in any [***] period). If, following such a request, the Parties agree in writing on the new FTE Rate, Schedule 6.4.4 shall be revised to reflect such agreement. If, within [***] of such a request, the Parties are unable to agree in writing on the new FTE Rate, the new FTE Rate will be determined through dispute resolution under Section 13.7.4 and be effective retroactively as of the date of such request.

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6.4.5 Methodology of Allocations for Allowable Expenses. Prior to Regulatory Approval for the applicable Licensed Product or as reasonably requested thereafter (but no more than once annually), AbbVie shall provide Licensor with its methodologies for allocations of Allowable Expenses between the United States and the ROW and between Licensed Products and other products. If Licensor disagrees with such methodologies, the Parties shall hold good faith discussions for a period of at least [***] in an attempt to reach a mutually agreeable resolution. If the Parties are unable to agree, then, Licensor shall be permitted to challenge such allocations on the basis that such allocations are inconsistent with the terms and conditions of this Agreement through dispute resolution under Section 13.7.4.

6.5 Royalties. If AbbVie has exercised its Option with respect to a given Collaboration Program or AbbVie has exercised the AbbVie Opt In with respect to an AbbVie Opt In Product and, in either case Licensor has exercised a Licensor Opt Out with respect to such Collaboration Program or AbbVie Opt In Product, as applicable, the terms and conditions of this Section 6.5 shall apply with respect to Licensed Products within such Collaboration Program or AbbVie Opt In Product, respectively, beginning as of the applicable Licensor Opt Out Date in lieu of Sections 6.3.2 and 6.4.

6.5.1 Royalty Rates. As further consideration for the rights granted to AbbVie hereunder, subject to Sections 6.5.2 and 6.5.4 below, commencing upon the First Commercial Sale of a Licensed Product in the Territory, on a Licensed Product-by-Licensed Product basis, AbbVie shall pay to Licensor a royalty on Net Sales of each Licensed Product in the Territory (during the Royalty Term for such Licensed Product in such country or other jurisdiction) during each Calendar Year equal to [***].

6.5.2 Adjustment Based on Development Costs Paid by Licensor.

(a) **Adjusted Royalty Rate**. If Licensor exercises a Licensor Opt Out with respect to a Collaboration Program after it has shared a portion of Development Costs of Post Exercise Development Activities under Section 3.7.1(b) above, the royalty rate under Section 6.5.1 shall be increased with respect to such Collaboration Program by that number of percentage points equal to [***]. For such purposes, "**Program Costs**" means the amount of Core Development Costs (including Excess Costs) incurred prior to the first Regulatory Approval (or the amount later recalculated as set forth below) within the applicable Collaboration Program. The Base Royalty, as increased by this Section 6.5.2(a) is referred to as the "**Adjusted Royalty Rate**"**,** and the increase in the Adjusted Royalty Rate under this Section 6.5.2(a) over the Base Royalty Rate is referred to as the "**Incremental Royalty**." For purposes of calculating the Incremental Royalty, [***]. The Adjusted Royalty Rate for a Collaboration Program is subject to further adjustment under Sections 6.5.2(b) and 6.5.2(c) below.

(b) **Second Generation Products; Additional Indications.** If, after Licensor exercises a Licensor Opt Out for a Collaboration Program and Regulatory Approval is obtained for a Licensed Product within such Collaboration Program, AbbVie desires to pursue Regulatory Approval for one or more additional Licensed Products (each such additional Licensed Product, a "**Second Generation Product**"), or for one or more Additional Indications for a Licensed Product within such Collaboration Program, the following shall apply:

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(i) **Notice of Approval**. Within [***] after AbbVie's receipt of the first Regulatory Approval for such Second Generation Product or for such Additional Indication in the first Major Market, AbbVie shall provide Licensor with written notice of the receipt of such Regulatory Approval, together with a statement of the Core Development Costs incurred by AbbVie in Developing such Second Generation Product or such Additional Indication as of the date of such notice (such notice and statement of Development Costs, a "**Notice of Approval,**" and such Core Development Costs, the "**Additional Development Costs**").

(ii) **Licensor Continued Funding**. [***], Licensor may, at its election, notify AbbVie that Licensor will reimburse AbbVie for [***] of Licensor's Proportionate Share of the Additional Development Costs so reflected in the Notice of Approval as may be recalculated pursuant to the last sentence of Section 3.7.1(e)(i) (such notice, a "**Licensor Continued Funding Notice**"). If Licensor provides such Licensor Continued Funding Notice [***], then (A) Section 3.7.1(e) shall apply with respect to the Additional Development Costs reflected in such Notice of Approval and (B) the Adjusted Royalty Rate for the applicable Collaboration Program shall continue to apply to such Second Generation Product or Additional Indication for the applicable Licensed Product, as the case may be; provided that if Licensor did not provide a Licensor Continued Funding Notice for any prior Additional Indication for such Licensed Product pursuant to Section 6.5.2(b)(iii)(B) below or all future Indications were determined to be Excluded Indications due to an uncured breach as set forth in Section 3.7.1(e)(ii), then Licensor shall not have the right to provide a Licensor Continued Funding Notice for any subsequent Additional Indication for such Licensed Product, and all such further Additional Indications shall be deemed Excluded Indications.

(iii) **Licensor Election Not to Continue Funding an Additional Indication**. If Licensor does not provide to AbbVie a Licensor Continued Funding Notice in accordance with Section 6.5.2(b)(ii) above with respect to a given Notice of Approval, then the following shall apply:

(A) **Second Generation Products**. If the Notice of Approval pertained to the first Regulatory Approval for a Second Generation Product, then the Adjusted Royalty Rate under Section 6.5.2(a) for the applicable Collaboration Program shall not apply to such Second Generation Product, and only the Base Royalty specified in Section 6.5.1(a) shall apply with respect to Net Sales of such Second Generation Product (for any and all Indications of such Second Generation Product). For clarity, if Licensor declines or fails to provide a Licensor Continued Funding Notice to AbbVie in accordance with Section 6.5.2(b)(ii) above with respect to the Notice of Approval for the first Regulatory Approval of a Second Generation Product, AbbVie shall thereafter not be obligated to provide Licensor with any further Notices of Approval with respect to Additional Indications of such Second Generation Product, and the Base Royalty shall apply to all Net Sales of such Second Generation Product for all Indications.

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(B) **Excluded Indications**. If the Notice of Approval pertained to the first Regulatory Approval for the applicable Additional Indication for a Licensed Product, then the Adjusted Royalty Rate under Sections 6.5.1(b) for the applicable Collaboration Program shall not apply to Net Sales of such Licensed Product for such Additional Indication (the "**Excluded Indication**"), and instead the Base Royalty specified in Section 6.5.1(a) shall apply with respect to Net Sales of such Licensed Product for such Excluded Indication (but the Adjusted Royalty Rate shall otherwise continue to apply to Net Sales of such Licensed Product for Indications other than the Excluded Indication). In such event, AbbVie shall use Commercially Reasonable Efforts to distinguish between Net Sales for Excluded Indications and the other Indication. If the Net Sales cannot be distinguished or Licensor disagrees with AbbVie's methodology for distinguishing, the Parties shall mutually agree on the method of allocating Net Sales of such Licensed Product between the Excluded Indication(s) for such Licensed Product and the other Indications for such Licensed Product, and if the Parties are unable to agree, then upon request by either Party such methodology shall be determined pursuant to Section 13.7.4 below. If thereafter a Party believes the method of allocating Net Sales no longer reflects an accurate estimate of the Net Sales of such Licensed Product for the Excluded Indication, it may request (no more than once in any [***] period), that the methodology be adjusted, and if the Parties are unable to agree on an adjustment, the same shall similarly be determined in accordance with Section 13.7.4. In any case, if the methodology so determined requires that a Third Party (such as IMS or similar data provider) be engaged to estimate sales of the Licensed Product for the Excluded Indications, then AbbVie will initially bear the costs of obtaining such Third Party estimate, and shall be entitled to deduct from the Incremental Royalty due on Net Sales of such Licensed Product for such Excluded Indication [***] of the Out-of-Pocket Costs paid to such Third Party for such estimate. For clarity, in the case of Second Generation Products, this Section 6.5.2(b)(iii)(B) shall apply only if Regulatory Approval is obtained for an Additional Indication subsequent to the first Regulatory Approval of such Second Generation Product.

(c) **Adjustment Based on COGS**. Notwithstanding Sections 6.5.1 and 6.5.2(a) and (b) above, if (i) the Manufacturing Costs of the units of a particular Licensed Product for which Net Sales were received in a Calendar Quarter, expressed as a percentage of such Net Sales [***], and (ii) such Manufacturing Costs plus the Adjusted Royalty Rate applicable to such Net Sales ("**COGS + Royalty**"), [***], then [***]. For clarity, (A) the adjustment in this clause (c) shall be determined on a global basis using aggregate global Net Sales and aggregate Manufacturing Costs of the applicable Licensed Product in the applicable Calendar Quarter and (B) if no adjustments under Sections 6.5.2(a) and (b) are applicable, the adjustments under this clause (c) will apply to the Base Royalty Rate.

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6.5.3 Royalty Term. AbbVie shall have no obligation to pay any royalties under this Section 6.5 with respect to Net Sales of any Licensed Product in any country or other jurisdiction after the Royalty Term for such Licensed Product in such country or other jurisdiction has expired.

6.5.4 Reductions. Notwithstanding the foregoing:

(a) [***];

(b) [***];

(c) in the event that a court or a governmental agency of competent jurisdiction requires AbbVie or any of its Affiliates or Sublicensees to grant a compulsory license to a Third Party permitting such Third Party to make and sell a Licensed Product in a country or other jurisdiction in the Territory, sales of such Licensed Product by such Third Party in such country pursuant to such compulsory license shall [***];

(d) For clarity, the reductions in Sections 6.5.2(c), and 6.5.4(b) above shall [***].

(e) AbbVie shall similarly have the right to deduct from Net Sales of the applicable Licensed Product in the applicable country those costs that would have been includable as Allowable Expenses in accordance with Sections 7.2.1, 7.2.2, 7.4 and 7.5.5 if Section 6.3.2 had applied, for purposes of calculating the royalty owing with respect to such Licensed Product in such country.

6.6 Payments and Reports.

6.6.1 Royalties. AbbVie shall calculate all amounts payable to Licensor pursuant to Section 6.5 at the end of each Calendar Quarter, which amounts shall be converted to Dollars, in accordance with Section 6.7. AbbVie shall pay to Licensor the royalty amounts due with respect to a given Calendar Quarter within [***] after the end of such Calendar Quarter. Each payment of royalties due to Licensor shall be accompanied by a statement of the amount of Net Sales of each Licensed Product in each country or other jurisdiction the Territory during the applicable Calendar Quarter (including such amounts expressed in local currency and as converted to Dollars) and a calculation of the amount of royalty payment due on such Net Sales for such Calendar Quarter.

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6.6.2 Compliance with Public Reporting Obligations. In the event Licensor becomes a public reporting company in the United States pursuant to an effective registration statement under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (or corresponding Applicable Law of another country), AbbVie shall use Commercially Reasonable Efforts to provide Licensor with such information regarding Development Costs, Allowable Expenses, Net Sales, Other Income, Net Profit, Net Loss and ROW Profit, in such timeframes, as are reasonably sufficient for Licensor to prepare its financial statements as required under Applicable Law. These timelines shall be in addition to the reporting timelines otherwise specified in this Agreement, and shall not be deemed to affect the times specified for cash payments hereunder.

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

6.8 Accounting Procedures. For purposes of determining Development Costs and Allowable Expenses, any expense allocated by either Party to a particular expense category of Development Costs or Allowable Expenses shall not also be allocated to another category under Development Costs or Allowable Expenses. Subject to Sections 1.30 and 1.74 above, each Party shall determine Development Costs and Allowable Expenses using its standard accounting procedures (which must be in accordance with Accounting Standards) consistently applied, to the maximum extent practicable as if the Licensed Antibody or Licensed Product were a solely-owned product of the Party. Each Party shall have the right to audit the other Party's records to confirm the accuracy of the other Party's costs and reports as provided in Section 6.13. The Parties also recognize that such procedures may change from time to time to conform with Accounting Standards used by the applicable Party for public financial reporting purposes (or as otherwise reasonably agreed by the Parties) and that any such changes may affect the calculation of Development Costs, Allowable Expenses, and such other expenses. Where the change is or would be material to the other Party, the Party proposing to make the change shall provide the other Party with an explanation of the proposed change and an estimation of the effect of the change on the relevant cost or expense category. The Parties shall use good faith efforts to negotiate any resulting changes to this Agreement so as to preserve as closely as reasonably possible the Parties' respective economic interests under this Agreement. Transfers between a Party and its Affiliates (or between such Affiliates) shall not have any effect for purposes of calculating Development Costs, Allowable Expenses, or other payments or expenses under this Agreement.

6.9 Withholding Taxes. Where any sum due to be paid to either Party hereunder is subject to any withholding or similar tax, the Parties shall use their commercially reasonable efforts to do all such acts and things and to sign all such documents as will enable them to take advantage of any applicable double taxation agreement or treaty. In the event there is no applicable double taxation agreement or treaty, or if an applicable double taxation agreement or treaty reduces but does not eliminate such withholding or similar tax, the payor shall remit such withholding or similar tax to the appropriate government authority, deduct the amount paid from the amount due to payee and secure and send to payee commercially reasonable evidence of the payment of such withholding or similar tax. Any such amounts deducted by the payor in respect of such withholding or similar tax shall be treated as having been paid by the payor for purposes of this Agreement, provided, if an assignment of this Agreement by the payor pursuant to Section 13.4 results in an increase in the amount of such withholding or similar tax, the payor shall pay the recipient such additional amounts as are necessary to ensure receipt by the recipient of the amount the recipient would have received had such assignment not been made; provided, however, that the payor will have no obligation to pay any additional amount under the immediately preceding clause (a) to the extent that the recipient obtains a refund of such additional amounts, (b) if the recipient has the ability to offset such withheld amounts against other tax liabilities the recipient has in the applicable jurisdiction and such amounts are actually so offset, or (c) if such increased withholding tax would not have been imposed but for (i) the assignment by the recipient pursuant to Section 13.4 of its rights under this Agreement, the assignment or transfer of any interest in the recipient, or any redomiciliation of the recipient or (ii) the failure by the recipient to comply with the requirements of this Section. In the event that the payor makes such additional payment and, in a future taxable year, the recipient is able to realize a refund of or a credit against taxes due and owing by the recipient in such future taxable year that is attributable to such additional amount, the recipient shall pay the payor an amount equal to the refund or credit that the recipient realizes in such future taxable year. The recipient shall be obligated to claim such refund or credit if available under Applicable Law. In the event that a government authority retroactively determines that a payment made by a Party to the other pursuant to this Agreement should have been subject to withholding or similar (or to additional withholding or similar) taxes, and such Party (the "**Withholding Party**") remits such withholding or similar taxes to the government authority, including any interest and penalties that may be imposed thereon (together with the tax paid, the "**Amount**"), the Withholding Party will have the right (A) to offset the Amount against future payment obligations of the Withholding Party under this Agreement, (B) to invoice the other Party for the Amount (which shall be payable by the other Party within [***] of its receipt of such invoice) or (c) to pursue reimbursement of the Amount by any other available remedy.

6.10 Indirect Taxes. All payments are exclusive of value added taxes, sales taxes, consumption taxes and other similar taxes (the "**Indirect Taxes**"). If any Indirect Taxes are chargeable in respect of any payments, the paying Party shall pay such Indirect Taxes at the applicable rate in respect of such payments following receipt, where applicable, of an Indirect

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Taxes invoice in the appropriate form issued by the receiving Party in respect of those payments. The Parties shall issue invoices for all amounts payable under this Agreement consistent with Indirect Tax requirements and irrespective of whether the sums may be netted for settlement purposes. If the Indirect Taxes originally paid or otherwise borne by the paying Party are in whole or in part subsequently determined not to have been chargeable, all reasonably necessary steps will be taken by the receiving Party to receive a refund of these undue Indirect Taxes from the applicable governmental authority or other fiscal authority and any amount of undue Indirect Taxes repaid by such authority to the receiving Party will be transferred to the paying Party within [***] of receipt.

6.11 Interest on Late Payments. If any payment due to either Party under this Agreement is not paid when due, then such paying Party shall pay interest [***] such interest to run from the date on which payment of such sum became due until payment thereof in full together with such interest.

6.12 Financial Records. Each Party shall, and shall cause its Affiliates to, keep complete and accurate books and records pertaining to Development Costs and AbbVie shall, and shall cause its Affiliates and Sublicensees to, keep complete and accurate books and records pertaining to Net Sales of Licensed Products and, if Licensor has not exercised it Licensor Development Opt Out or Licensor Commercialization Opt Out, ROW Profit, US Net Profits and US Net Losses with respect to the Licensed Products (including Allowable Expenses for the United States and Manufacturing Costs for the ROW), as applicable, and Development of the Licensed Antibodies or Licensed Products, including books and records of actual expenditures with respect to the budgets set forth in each Development Plan and Budget, in sufficient detail to calculate all amounts payable hereunder and to verify compliance with its obligations under this Agreement. Such books and records shall be retained by such Party and its Affiliates until [***] or for such longer period as may be required by Applicable Law.

6.13 Audit. At the request of the other Party, each Party shall, and shall cause its Affiliates to, permit an independent public accounting firm of nationally recognized standing designated by the other Party and reasonably acceptable to the audited Party, at reasonable times during normal business hours and upon reasonable notice, to audit the books and records maintained pursuant to Section 6.12 to ensure the accuracy of all reports and payments made hereunder. Such examinations may not (a) be conducted for any Calendar Quarter more than [***] after the end of such quarter, (b) be conducted more than once in any [***] period (unless a previous audit during such [***] period revealed an underpayment with respect to such period) or (c) be repeated for any Calendar Quarter. The accounting firm shall disclose to the auditing Party only whether the reports are correct or not, and the specific details concerning any discrepancies. No other information shall be shared. Except as provided below, the cost of this audit shall be borne by the auditing Party, unless the audit reveals a variance of more than the greater of [***], in which case the audited Party shall bear the cost of the audit. Unless disputed pursuant to Section 6.14 below, if such audit concludes that (i) additional amounts were owed by the audited Party, the audited Party shall pay the additional amounts, with interest from the date originally due as provided in Section 6.11, or (ii) excess payments were made by the audited Party, the auditing Party shall reimburse such excess payments, in either case ((i) or (ii)), within [***] after the date on which such audit is completed by the auditing Party.

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6.14 Audit Dispute. In the event of a dispute with respect to any audit under Section 6.13, Licensor and AbbVie shall work in good faith to resolve the disagreement. If the Parties are unable to reach a mutually acceptable resolution of any such dispute within [***], the dispute shall be submitted for resolution to a certified public accounting firm jointly selected by each Party's certified public accountants or to such other Person as the Parties shall mutually agree (the "**Audit Arbitrator**"), or, at either Party's election, resolved pursuant to Section 13.7. If resolved by an Audit Arbitrator, the decision of the Audit Arbitrator shall be final and the costs of such arbitration as well as the initial audit shall be borne between the Parties in such manner as the Audit Arbitrator shall determine. Not later than [***] after the decision by the Audit Arbitrator or pursuant to Section 13.7 and in accordance with such decision, the audited Party shall pay the additional amounts, with interest from the date originally due as provided in Section 6.11, or the auditing Party shall reimburse the excess payments, as applicable.

6.15 Confidentiality. The receiving Party shall treat all information subject to review under this ARTICLE 6 in accordance with the confidentiality provisions of ARTICLE 9 and the Parties shall cause the Audit Arbitrator to enter into a reasonably acceptable confidentiality agreement with the audited Party obligating such firm to retain all such financial information in confidence pursuant to such confidentiality agreement.

6.16 Diagnostic. The regulatory milestones and royalties in Sections 6.2 and 6.5 shall not apply to Development and Commercialization of Licensed Antibodies or Licensed Products for diagnostic use, or for uses solely for screening patients who have been diagnosed with a disease, state, or condition for eligibility to be treated for such disease, state, or condition with a Licensed Antibody or Licensed Product or for monitoring patients who are or have been treated with a Licensed Antibody or Licensed Product. In the event that a Licensed Antibody or Licensed Product is Developed for any such purposes, the Parties shall negotiate a downward adjustment to royalties for the sale of such Licensed Product that reflects the commercial potential of such Licensed Product and standard commercial terms in the industry for diagnostic products, as applicable. [***].

6.17 No Other Compensation. Each Party hereby agrees that the terms of this Agreement fully define all consideration, compensation and benefits, monetary or otherwise, to be paid, granted or delivered by one (1) Party to the other Party in connection with the transactions contemplated herein. Neither Party previously has paid or entered into any other commitment to pay, whether orally or in writing, any of the other Party's employees, directly or indirectly, any consideration, compensation or benefits, monetary or otherwise, in connection with the transaction contemplated herein.

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ARTICLE 7.
INTELLECTUAL PROPERTY

7.1 Ownership of Intellectual Property.

7.1.1 Licensor Ownership. As between the Parties, Licensor shall own all right, title and interest in and to any and all [***].

7.1.2 AbbVie Ownership. As between the Parties, AbbVie or an Affiliate designated by AbbVie shall own and retain all right, title, and interest in and to any and all [***].

7.1.3 Ownership of Joint Program Patents and Joint Program Know-How. Subject to Section 3.8.2(a), as between the Parties, [***].

7.1.4 United States Law. The determination of whether Information and inventions are conceived, discovered, developed, or otherwise made by a Party for the purpose of allocating proprietary rights (including Patent, copyright or other intellectual property rights) therein, shall, for purposes of this Agreement, be made in accordance with the United States patent law and other Applicable Law in the United States.

7.1.5 Assignment and Disclosure Obligation.

(a) Each Party and its Affiliates shall cause all of their employees who perform Development activities, Manufacturing activities or regulatory activities for such Party under this Agreement to be under an obligation to assign their rights in any Information and inventions resulting therefrom to such Party. For clarity, the requirements of Section 3.5.5 shall apply to each Party's use of Third Party Providers to perform Development activities, Manufacturing activities or regulatory activities for such Party under this Agreement.

(b) Each Party shall disclose to the other Party, and shall cause its Affiliates, licensees and sublicensees or subcontractors to so disclose, any Joint Program Patents, Licensor Program Patents or AbbVie Program Patents it proposes to file reasonably in advance of filing. Each Party shall use Commercially Reasonable Efforts to disclose to the other Party any Joint Program Know-How.

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

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7.2 Maintenance and Prosecution of Patents.

7.2.1 Patent Prosecution and Maintenance of Licensor Background Patents and Licensor Program Patents. Licensor shall have the right, but not the obligation, through the use of internal or outside counsel reasonably acceptable to AbbVie, to prepare, file, prosecute, and maintain worldwide the [***]. Licensor shall be responsible for the cost and expense of such activities (except to the extent such costs constitute an Allowable Expense or Development Cost, as applicable, after the Option Exercise Date). Licensor shall keep AbbVie fully informed of all steps with regard to the preparation, filing, prosecution, and maintenance of such Patents, including by providing AbbVie with a copy of material communications to and from any patent authority in the Territory regarding such Patents, and by providing AbbVie drafts of any material filings or responses to be made to such patent authorities in the Territory sufficiently in advance of submitting such filings or responses so as to allow for a reasonable opportunity for AbbVie to review and comment thereon. Licensor shall consider in good faith the requests and suggestions of AbbVie with respect to such drafts and with respect to strategies for filing and prosecuting such Patents in the Territory. Notwithstanding the foregoing, Licensor shall promptly inform AbbVie of any adversarial patent office proceeding or *sua sponte* filing, including a request for, or filing or declaration of, any interference, opposition, or post-grant proceeding or reexamination relating to such a Patent in the Territory. The Parties shall thereafter consult and cooperate to determine a course of action with respect to any such proceeding in the Territory and Licensor shall consider in good faith all comments, requests and suggestions provided by AbbVie. Licensor shall not initiate any such adversarial patent office proceeding relating to such a Patent in the Territory without first consulting AbbVie. In the event that Licensor decides not to prepare, file, prosecute, or maintain such a Patent in a country or other jurisdiction in the Territory, Licensor shall provide reasonable prior written notice to AbbVie of such intention (which notice shall, in any event, be given no later than [***] prior to the next deadline for any action that may be taken with respect to such [***] in such country or other jurisdiction), AbbVie shall thereupon have the option, in its sole discretion, to assume the control and direction of the preparation, filing, prosecution, and maintenance of such Patent at its expense in such country or other jurisdiction; provided, that in the event AbbVie exercises its back-up prosecution rights prior to the Option Exercise Date for the applicable Collaboration Program, [***], but AbbVie's back-up prosecution rights under this Section 7.2.1 with respect to a Patent involved in a Collaboration Program shall cease in the event AbbVie does not exercise the Option with respect to such Collaboration Program prior to the end of the Option Period for such Collaboration Program unless such Patent is also involved in another Collaboration Program for which the Option Period has not expired. Upon AbbVie's exercise of its back-up prosecution rights, Licensor shall reasonably cooperate with AbbVie in such country or other jurisdiction as provided under Section 7.2.4.

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7.2.2 Patent Prosecution and Maintenance of Joint Program Patents. [***]. The Party with such right shall be the "**Controlling Party**" and the other Party shall be the "**Non-Controlling Party**." The Controlling Party shall be responsible for the cost and expense of such activities [***]. The Controlling Party shall keep the Non-Controlling Party fully informed of all steps with regard to the preparation, filing, prosecution, and maintenance of such Patents, including by providing the Non-Controlling Party with a copy of material communications to and from any patent authority in the Territory regarding such Patents, and by providing the Non-Controlling Party drafts of any material filings or responses to be made to such patent authorities in the Territory sufficiently in advance of submitting such filings or responses so as to allow for a reasonable opportunity for the Non-Controlling Party to review and comment thereon. The Controlling Party shall consider in good faith the requests and suggestions of the Non-Controlling Party with respect to such drafts and with respect to strategies for filing and prosecuting such Patents in the Territory. Notwithstanding the foregoing, the Controlling Party shall promptly inform the Non-Controlling Party of any adversarial patent office proceeding or *sua sponte* filing, including a request for, or filing or declaration of, any interference, opposition, or post-grant proceeding or reexamination relating to such a Patent in the Territory. The Parties shall thereafter consult and cooperate to determine a course of action with respect to any such proceeding in the Territory and the Controlling Party shall consider in good faith all comments, requests and suggestions provided by the Non-Controlling Party. The Controlling Party shall not initiate any such adversarial patent office proceeding relating to such a Patent in the Territory without first consulting the Non-Controlling Party. In the event that the Controlling Party decides not to prepare, file, prosecute, or maintain such a Patent in a country or other jurisdiction in the Territory, the Controlling Party shall provide reasonable prior written notice to the Non-Controlling Party of such intention (which notice shall, in any event, be given no later than [***] prior to the next deadline for any action that may be taken with respect to such Joint Program Patent in such country or other jurisdiction), the Non-Controlling Party shall thereupon have the option, in its sole discretion, to assume the control and direction of the preparation, filing, prosecution, and maintenance of such Patent at its expense in such country or other jurisdiction; provided, that in the event [***], but AbbVie's [***] with respect to a Patent involved in a Collaboration Program shall cease in the event AbbVie does not exercise the Option with respect to such Collaboration Program prior to the end of the Option Period for such Collaboration Program unless such Patent is also involved in another Collaboration Program for which the Option Period has not expired. Upon the Non-Controlling Party's exercise of its back-up prosecution rights, the Controlling Party shall reasonably cooperate with the Non-Controlling Party in such country or other jurisdiction as provided under Section 7.2.4.

7.2.3 Patent Prosecution and Maintenance of AbbVie Background Patents and AbbVie Program Patents. AbbVie shall have the sole right, but not the obligation, to prepare, file, prosecute and maintain the [***] worldwide, at AbbVie's sole cost and expense. AbbVie shall keep Licensor reasonably informed with regard to the preparation, filing, prosecution, and maintenance of [***], including by providing Licensor with a copy of material communications to and from any patent authority in the Territory regarding such Patents, and by

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providing Licensor drafts of any material filings or responses to be made to such patent authorities in the Territory and promptly informing AbbVie of any adversarial patent office proceeding or *sua sponte* filing, including a request for, or filing or declaration of, any interference, opposition, or post-grant proceeding or reexamination relating to such a Patent in the Territory.

7.2.4 Cooperation. The Parties agree to cooperate fully in the preparation, filing, prosecution, and maintenance of the Licensor Background Patents, Licensor Program Patents, AbbVie Program Patents, and Joint Program Patents in the Territory under this Agreement. Cooperation shall include:

(a) executing all papers and instruments, or requiring its employees or contractors to execute such papers and instruments, so as to (i) effectuate the ownership of intellectual property set forth in Section 7.1; (ii) enable the other Party to apply for and to prosecute Patent applications in the Territory; and (iii) obtain and maintain any Patent extensions, supplementary protection certificates, and the like with respect to the Licensor Background Patents, Licensor Program Patents, AbbVie Program Patents, and Joint Program Patents in the Territory, in each case ((i), (ii), and (iii)) to the extent provided for in this Agreement;

(b) consistent with this Agreement, assisting in any license registration processes with applicable governmental authorities that may be available in the Territory for the protection of a Party's interests in this Agreement; and

(c) promptly informing the other Party of any matters coming to such Party's attention that may materially affect the preparation, filing, prosecution, or maintenance of any such Licensor Background Patents, Licensor Program Patents, AbbVie Program Patents, and Joint Program Patents worldwide in the Territory.

7.2.5 Patent Term Extension and Supplementary Protection Certificate. [***] shall be responsible for making decisions regarding patent term extensions, including supplementary protection certificates and any other extensions that are now or become available in the future, wherever applicable (each, a "**Patent Term Extension**"), for [***] in any country or other jurisdiction. [***] shall have the responsibility of applying for any extension or supplementary protection certificate with respect to such Patents in the Territory. [***] shall keep [***] fully informed of its efforts to obtain such extension or supplementary protection certificate. [***] shall provide prompt and reasonable assistance, as requested by [***], including by taking such action as patent holder as is required under any Applicable Law to obtain such patent extension or supplementary protection certificate. [***] shall pay all expenses in regard to obtaining the extension or supplementary protection certificate in the Territory [***]. [***] shall have the sole right with respect to patent term extensions, including supplementary protection certificates and any other extensions that are now or become available in the future, wherever applicable, for [***].

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7.2.6 Patent Listings. [***] shall have the sole right to make all patent listings of such Patents with Regulatory Authorities in the Territory. [***] shall cooperate with the [***] reasonable requests in connection therewith, including meeting any submission deadlines, to the extent required or permitted by Applicable Law.

7.2.7 European Patents. [***] shall have the sole right to decide whether a European Patent within Licensor Background Patents, Licensor Program Patents and Joint Program Patents should be validated or maintained as a Unitary Patent, whether and when such European Patent should be opted out of or opted in to the jurisdiction of the Unified Patent Court (UPC) (including withdrawal of an opt-out), as well as any other issues concerning the jurisdiction of the UPC in connection with Joint Program Patents. [***]

7.3 Enforcement of Patents.

7.3.1 Enforcement of Licensor Background Patents, Licensor Program Patents, and Joint Program Patents. Each Party shall promptly notify the other Party in writing of any alleged, threatened or actual infringement of the Licensor Background Patents, Licensor Program Patents, or Joint Program Patents by a Third Party in the Territory of which such Party becomes aware (including alleged, threatened or actual infringement based on the development, commercialization, or an application to market a product containing a Licensed Antibody or any Licensed Product or a Biosimilar Product in the Territory (the "**Product Infringement**")). AbbVie shall have the first right, but not the obligation, to prosecute any Product Infringement in the Territory (the "**Prosecuted Infringements**") at its sole expense (except to the extent any such expense constitutes an Allowable Expense) and to control the prosecution of such claim, suit or proceeding. In the event AbbVie prosecutes any Product Infringement, Licensor shall have the right to join as a party to such claim, suit, or proceeding in the Territory and participate with its own counsel at its own expense; provided that AbbVie shall retain control of the prosecution of such claim, suit, or proceeding. During any such claim, suit, or proceeding, AbbVie shall: (a) provide Licensor with drafts of all official papers and statements (whether written or oral) prior to their submission in such claim, suit, or proceeding, in sufficient time to allow Licensor to review, consider and substantively comment thereon; (b) reasonably consider taking action to incorporate Licensor's comments on all such official papers and statements; (c) allow Licensor the opportunity to participate in the preparation of witnesses and other participants in such claim, suit, or proceeding; and (d) not settle any such claim, suit, or proceeding except in a manner that it believes in good faith is in the best interests of the Licensed Antibodies or Licensed Products. If AbbVie does not take commercially reasonable steps to prosecute a Product Infringement (i) within [***] following the first notice provided above with respect to the Product Infringement, or (ii) provided such date occurs after the first such notice of the Product Infringement is provided, [***] before the time limit, if any, set forth in appropriate laws and regulations for filing of such actions, whichever comes first, then Licensor may prosecute the Product Infringement at its own expense.

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7.3.2 Enforcement of AbbVie Background Patents and AbbVie Program Patents. AbbVie shall have the sole right, but not the obligation, to prosecute any infringement of AbbVie Background Patents or AbbVie Program Patents at its sole expense (provided such costs with respect to AbbVie Program Patents shall be deemed an Allowable Expense).

7.3.3 Conduct of Patent Litigation Under the Biologics Price Competition and Innovation Act. If either Party receives a copy of an application submitted to the FDA under subsection (k) of Section 351 of the PHSA or equivalent in any other jurisdiction in the Territory (a "**Biosimilar Application**") naming a Licensed Product as a reference product or otherwise becomes aware that such a Biosimilar Application has been filed (such as in an instance described in Section 351(l)(9)(C) of the PHSA), either Party shall, within [***], notify the other Party so that the other Party may seek permission to view the application and related confidential information from the filer of the Biosimilar Application under Section 351(l)(1)(B)(iii) of the PHSA or equivalent in any other jurisdiction in the Territory. If either Party receives any equivalent or similar certification or notice in any other jurisdiction in the Territory, either Party shall, within [***], notify and provide the other Party with copies of such communication. Regardless of the Party that is the "reference product sponsor" for purposes of such Biosimilar Application, AbbVie shall have the sole right, but not the obligation, to initiate litigation against the filer of the Biosimilar Application, including whether or not to utilize, in whole or in part, the procedures provided in Section 351 of the PHSA or equivalent in any other jurisdiction in the Territory. If AbbVie institutes any such litigation, then the other party shall join as a party to such claim, suit or proceeding in any country in the Territory requiring it as a party at the AbbVie's sole cost and expense.

7.3.4 Cooperation. The Parties agree to cooperate fully in any infringement action pursuant to this Section 7.3. Where a Party brings such an action, the other Party shall, where necessary, furnish a power of attorney solely for such purpose or shall join in, or be named as a necessary party to, such action. Unless otherwise set forth herein, the Party entitled to bring any patent infringement litigation in accordance with this Section 7.3 shall have the right to settle such claim; provided that, other than with respect to AbbVie Program Patents and AbbVie Background Patents for which AbbVie has sole discretion, neither Party shall have the right to settle any patent infringement litigation under this Section 7.3, in a manner that diminishes or has a material adverse effect on the rights or interest of the other Party, or in a manner that imposes any costs or liability on, or involves any admission by, the other Party, without the express written consent of such other Party. Each Party shall use Commercially Reasonable Efforts to avoid making any admissions or asserting any position in such infringement action with specific intent to materially diminish the other Party's rights or interest under this Agreement. The Party commencing the litigation shall provide the other Party with copies of all pleadings and other documents filed with the court and shall consider reasonable input from the other Party during the course of the proceedings.

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7.3.5 Recovery. Except as otherwise agreed by the Parties in connection with a cost sharing arrangement, any recovery realized as a result of litigation described in Section 7.3.1 or 7.3.3 (whether by way of settlement or otherwise) shall be first, allocated to reimburse the Parties for their costs and expenses in making such recovery (which amounts shall be allocated pro rata if insufficient to cover the totality of such expenses). Any remainder after such reimbursement is made shall be [***].

7.4 Infringement Claims by Third Parties. If the manufacture, sale, or use of a Licensed Antibody or Licensed Product in the Territory pursuant to this Agreement results in, or may result in, any claim, suit, or proceeding by a Third Party alleging patent infringement by AbbVie (or its Affiliates or Sublicensees), AbbVie shall promptly notify Licensor thereof in writing. AbbVie shall have the first right, but not the obligation, to defend and control the defense of any such claim, suit, or proceeding at its own expense (but subject to deduction as provided below) (and except to the extent any such expense constitutes an Allowable Expense), using counsel of its own choice. Licensor may participate in any such claim, suit, or proceeding with counsel of its choice at its own expense. Without limitation of the foregoing, if AbbVie finds it necessary or desirable to join Licensor as a party to any such action, Licensor shall execute all papers and perform such acts as shall be reasonably required at AbbVie's expense. If AbbVie elects (in a written communication submitted to Licensor within a reasonable amount of time after notice of the alleged patent infringement) not to defend or control the defense of, or otherwise fails to initiate and maintain the defense of, any such claim, suit, or proceeding, within such time periods so that Licensor is not prejudiced by any delays, Licensor may conduct and control the defense of any such claim, suit, or proceeding at its own expense. Each Party shall keep the other Party reasonably informed of all material developments in connection with any such claim, suit, or proceeding. Each Party agrees to provide the other Party with copies of all pleadings filed in such action and to allow the other Party reasonable opportunity to participate in the defense of the claims. If Licensor has exercised a Licensor Opt Out for a Collaboration Program and such costs are not included as an Allowable Expense, [***]. Any recoveries by AbbVie of any sanctions awarded to AbbVie and against a party asserting a claim being defended under this Section 7.4 shall be applied as follows: [***].

7.5 Invalidity or Unenforceability Defenses or Actions.

7.5.1 Notice. Each Party shall promptly notify the other Party in writing of any alleged or threatened assertion of invalidity or unenforceability of any of the Licensor Background Patents, Licensor Program Patents, AbbVie Program Patents, AbbVie Background Patents and Joint Program Patents by a Third Party, in each case in the Territory and of which such Party becomes aware.

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7.5.2 Licensor Background Patents, Licensor Program Patents, and Joint Program Patents. AbbVie shall have the first right, but not the obligation, to defend and control the defense of the validity and enforceability of the Licensor Background Patents, Licensor Program Patents, and Joint Program Patents at its own expense (except to the extent any such expense constitutes an Allowable Expense) in the Territory. Licensor may participate in any such claim, suit, or proceeding in the Territory with counsel of its choice at its own expense; provided that AbbVie shall retain control of the defense in such claim, suit, or proceeding. If AbbVie elects not to defend or control the defense of such Patents in a suit brought in the Territory, or otherwise fails to initiate and maintain the defense of any such claim, suit, or proceeding, then Licensor may conduct and control the defense of any such claim, suit, or proceeding at its own expense (except to the extent any such expense constitutes an Allowable Expense).

7.5.3 AbbVie Background Patents and AbbVie Program Patents. AbbVie shall have the sole right, but not the obligation, to defend and control the defense of the validity and enforceability of the AbbVie Background Patents and AbbVie Program Patents at its own expense (except to the extent such expense constitutes an Allowable Expense with respect to AbbVie Program Patents) in the Territory.

7.5.4 Cooperation. Each Party shall assist and cooperate with the other Party as such other Party may reasonably request from time to time in connection with its activities set forth in this Section 7.5, including by being joined as a party plaintiff in such action or proceeding, providing access to relevant documents and other evidence, and making its employees available at reasonable business hours. In connection with any such defense or claim or counterclaim, the controlling Party shall consider in good faith any comments from the other Party and shall keep the other Party reasonably informed of any steps taken, and shall provide copies of all documents filed, in connection with such defense, claim, or counterclaim. In connection with the activities set forth in this Section 7.5, each Party shall consult with the other as to the strategy for the defense of the Licensor Background Patents, Licensor Program Patents, AbbVie Program Patents, and Joint Program Patents.

7.5.5 Costs and Expenses. AbbVie shall be entitled to offset the reasonable Out-of-Pocket Costs of defending such claim, suit, or proceeding under this Section 7.5 that are borne by AbbVie and not included as an Allowable Expense against Net Sales for purposes of calculating royalties due under Section 6.5.1.

7.6 Product Trademarks.

7.6.1 Ownership and Prosecution of Product Trademarks. AbbVie shall own all right, title, and interest to the Product Trademarks in the Territory, and shall be responsible for the registration, prosecution, and maintenance thereof. All costs and expenses of registering, prosecuting, and maintaining the Product Trademarks shall be borne solely by AbbVie (except to the extent such costs and expenses constitute an Allowable Expense). Licensor shall provide all assistance and documents reasonably requested by AbbVie in support of its prosecution, registration, and maintenance of the Product Trademarks.

7.6.2 Enforcement of Product Trademarks. AbbVie shall have the sole right and responsibility for taking such action as AbbVie, after consultation with Licensor, deems necessary against a Third Party based on any alleged, threatened, or actual infringement, dilution, misappropriation, or other violation of, or unfair trade practices or any other like offense relating to, the Product Trademarks by a Third Party in the Territory. AbbVie shall bear the costs and expenses relating to any enforcement action commenced pursuant to this Section 7.6.2 and any settlements and judgments with respect thereto (except to the extent such costs and expenses constitute an Allowable Expense), and unless Licensor has exercised the Licensor Opt Out with respect to the applicable Licensed Product, treat such damages or other amounts collected in connection therewith as Net Sales.

7.6.3 Third Party Claims. AbbVie shall have the sole right and responsibility for defending against any alleged, threatened, or actual claim by a Third Party that the use or registration of the Product Trademarks in the Territory infringes, dilutes, misappropriates, or otherwise violates any Trademark or other right of that Third Party or constitutes unfair trade practices or any other like offense, or any other claims as may be brought by a Third Party against a Party in connection with the use of the Product Trademarks with respect to a Licensed Product in the Territory. AbbVie shall bear the costs and expenses relating to any defense commenced pursuant to this Section 7.6.3 and any settlements and judgments with respect thereto (except to the extent such amounts constitute an Allowable Expense), and unless Licensor has exercised the Licensor Opt Out with respect to the applicable Licensed Product, shall treat such damages or other amounts collected in connection therewith as Net Sales.

7.6.4 Notice and Cooperation. Each Party shall provide to the other Party prompt written notice of any actual or threatened infringement of the Product Trademarks in the Territory and of any actual or threatened claim that the use of the Product Trademarks in the Territory violates the rights of any Third Party. Each Party agrees to cooperate fully with the other Party with respect to any enforcement action or defense commenced pursuant to this Section 7.6.

7.6.5 Existing In-License Agreements. The rights and obligations of Licensor under this Agreement shall be subject to, and limited by, the terms of the Existing In-License Agreements specifically identified on Schedule 7.6.5.

7.7 Licensor's Costs. Any Out-of-Pocket Costs and FTE Costs reasonably incurred by Licensor, after the Option Exercise Date of the applicable Collaboration Program, in providing assistance, cooperation or other activities as required by AbbVie in accordance with this ARTICLE 7 shall be included in Development Costs or Allowable Expenses, as applicable, unless Licensor has exercised the Licensor Opt Out for such Collaboration Program, in which case such costs shall promptly be reimbursed by AbbVie.

7.8 Inventor's Remuneration. Each Party shall be solely responsible for any remuneration that may be due such Party's inventors under any applicable inventor remuneration laws.

ARTICLE 8.
PHARMACOVIGILANCE AND SAFETY

8.1 Pharmacovigilance. Within [***] after the Option Exercise Date for the first Collaboration Program, the Parties shall enter into an agreement to initiate a process for the exchange of safety data (including post-marketing spontaneous reports received by each Party and its Affiliates) in a mutually agreed format in order to monitor the safety of the Licensed Antibodies or Licensed Products and to meet reporting requirements with any applicable Regulatory Authority.

8.2 Global Safety Database.

8.2.1 Licensor shall initially set up, hold, and maintain (at Licensor's sole cost and expense) the global safety database for Licensed Antibodies and Licensed Products with respect to safety data obtained in connection with the Pre-Exercise Development Activities.

8.2.2 Within [***] after the Option Exercise Date for each Collaboration Program, Licensor shall transfer to AbbVie, in a mutually agreed electronic format, the complete contents of the safety database maintained by Licensor pursuant to Section 8.2.1 for the Licensed Antibodies and Licensed Products corresponding to such Collaboration Program, and thereafter AbbVie shall maintain (at AbbVie's cost and expense, but subject to the last sentence of this subsection) the global safety database for such Licensed Antibodies and Licensed Products. Each Party's and its Affiliates' costs incurred in connection with receiving, recording, reviewing, communicating, reporting, and responding to adverse events in the United States shall be included in Allowable Expenses calculated on an FTE cost and Out-of-Pocket Cost basis.

ARTICLE 9.
CONFIDENTIALITY AND NON-DISCLOSURE

9.1 Product Information. Licensor recognizes that by reason of, *inter alia*, AbbVie's status as an exclusive optionee pursuant to the grants under Section 5.1, AbbVie has an interest in Licensor's maintaining the confidentiality of certain information of Licensor. Accordingly, during the Term, Licensor shall use Commercially Reasonable Efforts to, and to cause its Affiliates and its and their respective officers, directors, employees, and agents to, keep confidential, any non-public Information owned or Controlled by Licensor or any of its Affiliates relating to any Licensed Antibody or Licensed Product, or the Exploitation of any of the foregoing (the "**Product Information**") to the same degree as Licensor uses to protect its other proprietary information of similar importance. In the event this Agreement is terminated or expires in its entirety or with respect to a Terminated Program, this Section 9.1 shall have no continuing force or effect with respect to such information as it relates to the Exploitation of the Licensed Antibody or Licensed Product under a Terminated Program, but the Product Information, to the extent disclosed by AbbVie to Licensor hereunder, shall continue to be Confidential Information of AbbVie, subject to the terms of Sections 9.2, 9.3, and 9.6 for purposes of the surviving provisions of this Agreement.

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9.2 Confidentiality Obligations. At all times during the Term and for a period of [***] following termination or expiration hereof in its entirety, each Party shall, and shall cause its officers, directors, employees and agents to, keep confidential and not publish or otherwise disclose to a Third Party and not use, directly or indirectly, for any purpose, any Confidential Information furnished or otherwise made known to it, directly or indirectly, by the other Party, except to the extent such disclosure or use is expressly permitted by the terms of this Agreement or is reasonably necessary or useful for the performance of such Party's obligations, or the exercise of rights expressly granted to such Party under, this Agreement. Notwithstanding the foregoing, the Parties acknowledge the practical difficulty of policing the use of information in the unaided memory of the receiving Party or its Affiliates and its and their officers, directors, employees, and agents, and as such each Party agrees that the receiving Party shall not be liable for the use by any of its or its Affiliates' officers, directors, employees, or agents of specific Confidential Information of the disclosing Party that is retained in the unaided memory of such officer, director, employee or agent; provided that (a) such officer, director, employee, or agent is not aware that such Confidential Information is the confidential information of disclosing Party at the time of such use; (b) the foregoing is not intended to grant, and shall not be deemed to grant, the receiving Party, its Affiliates, or its officers, directors, employees, and agents (i) a right to disclose the disclosing Party's Confidential Information, or (ii) a license under any Patents or other intellectual property right of the disclosing Party; and (c) such officer, director, employee, or agent has not intentionally memorized such Confidential Information for use outside this Agreement. Notwithstanding the foregoing, to the extent the receiving Party can demonstrate by documentation or other competent proof, the confidentiality and non-use obligations under this Section 9.2 with respect to any Confidential Information shall not include any information that:

9.2.1 has been published by a Third Party or otherwise is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no wrongful act, fault or negligence on the part of the receiving Party;

9.2.2 have been in the receiving Party's possession prior to disclosure by the disclosing Party, to the extent the receiving Party has the right to use or disclose such information without violating obligations of confidentiality to Third Parties;

9.2.3 is subsequently received by the receiving Party from a Third Party, to the extent the receiving Party has the right to use or disclose such information without breach of any agreement with such Third Party;

9.2.4 that is published or otherwise generally made available to Third Parties by the Disclosing Party without restriction on disclosure; or

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9.2.5 have been independently developed by or for the receiving Party without reference to, or use or disclosure of, the disclosing Party's Confidential Information.

Specific aspects or details of Confidential Information shall not be deemed to be within the public domain or in the possession of the receiving Party merely because the Confidential Information is embraced by more general information in the public domain or in the possession of the receiving Party. Further, any combination of Confidential Information shall not be considered in the public domain or in the possession of the receiving Party merely because individual elements of such Confidential Information are in the public domain or in the possession of the receiving Party unless the combination is in the public domain or in the possession of the receiving Party.

9.3 Permitted Disclosures. Each Party may disclose Confidential Information to the extent that such disclosure is:

9.3.1 in the reasonable opinion of the receiving Party's legal counsel, required to be disclosed pursuant to law, regulation or a valid order of a court of competent jurisdiction or other supra-national, federal, national, regional, state, provincial and local governmental body of competent jurisdiction, (including by reason of filing with securities regulators, but subject to Section 9.5)); provided that the receiving Party shall first have given prompt written notice (and to the extent possible, at least [***] notice) to the disclosing Party and (other than with regard to disclosures to comply with applicable securities law, which disclosures are covered in Section 9.5 below) give the disclosing Party a reasonable opportunity to take whatever action it deems necessary to protect its Confidential Information (for example, quash such order or to obtain a protective order or confidential treatment requiring that the Confidential Information and documents that are the subject of such order be held in confidence by such court or governmental body or, if disclosed, be used only for the purposes for which the order was issued). In the event that no such protective order or other remedy is obtained, or the disclosing Party waives compliance with the terms of this Agreement, the receiving Party shall furnish only that portion of Confidential Information which the receiving Party is advised by counsel is legally required to be disclosed;

9.3.2 made by or on behalf of the receiving Party to the Regulatory Authorities as required in connection with any filing, application or request for Regulatory Approval in accordance with the terms of this Agreement; provided that reasonable measures shall be taken to assure confidential treatment of such Confidential Information to the extent practicable and consistent with Applicable Law;

9.3.3 made by or on behalf of the receiving Party to a patent authority as may be reasonably necessary or useful for purposes of preparing, obtaining, defending or enforcing a Patent in accordance with the terms of this Agreement; provided that reasonable measures shall be taken to assure confidential treatment of such Confidential Information, to the extent such protection is available;

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9.3.4 made to its or its Affiliates' financial and legal advisors who have a need to know such disclosing Party's Confidential Information and are either under professional codes of conduct giving rise to expectations of confidentiality and non-use or under written agreements of confidentiality and non-use, in each case, substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this ARTICLE 9; provided that the receiving Party shall remain responsible for any failure by such financial and legal advisors, to treat such Confidential Information as required under this Article;

9.3.5 made by the receiving Party or its Affiliates to potential or actual investors or acquirers as may be necessary in connection with their evaluation of such potential or actual investment or acquisition; provided that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this ARTICLE 9;

9.3.6 made by AbbVie or its Affiliates or Sublicensees to its or their advisors, consultants, clinicians, vendors, service providers, contractors, existing or prospective collaboration partners, licensees, sublicensees, or other Third Parties as may be necessary or useful in connection with the Exploitation of the Licensed Antibody, the Licensed Products, or otherwise in connection with the performance of its obligations or exercise of its rights as contemplated by this Agreement; provided that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information substantially similar to the obligations of confidentiality and non-use of the receiving Party pursuant to this ARTICLE 9 (with a duration of confidentiality and non-use obligations as appropriate that is no less than [***] from the date of disclosure for advisors, consultants, clinicians, vendors, service providers or contractors); or

9.3.7 made by Licensor or its Affiliates (or Third Parties acting under their authority) to its or their advisors, consultants, clinicians, vendors, service providers, contractors, or other Third Parties to the extent necessary or useful in in connection with the performance of Licensor's obligations or exercise of rights expressly granted to Licensor under this Agreement; provided that such Persons shall be subject to obligations of confidentiality and non-use with respect to such Confidential Information of AbbVie substantially similar to the obligations of confidentiality and non-use of Licensor pursuant to this ARTICLE 9 (with a duration of confidentiality and non-use obligations as appropriate that is no less than [***] from the date of disclosure); or

9.3.8 a disclosure of the terms of this Agreement made on a need to know basis to advisors, consultants, prospective or actual acquirers, investors, or lenders, or with AbbVie's prior written consent (not to be unreasonably withheld) other Persons, in each case on a need to know basis and who are subject to obligations of confidentiality and non-use with respect to Confidential Information of the other Party substantially similar to the obligations of confidentiality and non-use pursuant to this ARTICLE 9.

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This Section 9.3 shall apply *mutatis mutandis* to Licensor with respect to Confidential Information of AbbVie solely to the extent applicable to a Licensed Product being developed and commercialized by Licensor pursuant to the licenses set forth in Section 12.8.1, if and as applicable.

For clarity, in any case where the foregoing disclosure must be subject to obligations of confidentiality and non-use substantially similar to those under this ARTICLE 9, it is understood that the duration of such confidentiality and non-use obligations shall be no less than [***] from the date of disclosure.

9.4 Use of Name. Except as expressly provided herein, neither Party shall mention or otherwise use the name, logo, or Trademark of the other Party or any of its Affiliates (or any abbreviation or adaptation thereof) in any publication, press release, marketing and promotional material, website, or other form of publicity, without the prior written approval of such other Party. Notwithstanding the foregoing, the restrictions imposed by this Section 9.4 shall not prohibit either Party from (a) making any disclosure identifying the other Party that, in the opinion of the disclosing Party's counsel, is required by Applicable Law; provided that such Party shall submit the proposed disclosure identifying the other Party in writing to the other Party as far in advance as reasonably practicable (and in no event less than [***] prior to the anticipated date of disclosure) so as to provide a reasonable opportunity to comment thereon, (b) redisclosing Information previously permitted to be disclosed in accordance with this ARTICLE 9.

9.5 Public Announcements. Promptly after the Effective Date, the Parties shall agree upon the content of a joint press release to announce the collaboration and shall coordinate the release promptly thereafter. Neither Party shall issue any other public announcement, press release, or other public disclosure regarding this Agreement or its subject matter without the other Party's prior written consent (which shall not be withheld unreasonably), except for any such disclosure that is, in the opinion of the disclosing Party's counsel, required by Applicable Law or the rules of a stock exchange on which the securities of the disclosing Party are listed, or is otherwise expressly permitted in accordance with this ARTICLE 9. In the event a Party is, in the opinion of its counsel, required by Applicable Law or the rules of a stock exchange on which its securities are listed to make such a public disclosure, such Party shall submit the proposed disclosure in writing to the other Party as far in advance as reasonably practicable (and in no event less than [***] prior to the anticipated date of disclosure) so as to provide a reasonable opportunity to comment thereon. Notwithstanding the foregoing: (a) AbbVie, its Sublicensees and their respective Affiliates shall have the right to publicly disclose research, development and

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commercial information (including with respect to regulatory matters) regarding Licensed Antibody and Licensed Products and (b) Licensor and its Affiliates shall have the right to publicly disclose information disclosed in any prior public announcements, press releases, or other public disclosures made in accordance with this ARTICLE 9, provided that such re-disclosure shall not be in the form of a written press release without AbbVie's prior written consent; provided, in each case that such disclosure is subject to the provisions of this ARTICLE 9 with respect to the other Party's Confidential Information.

9.6 Publications.

9.6.1 Subject to Section 9.6.4, Licensor may publish or present the results of any non-clinical Development activities conducted solely by Licensor (alone or through Third Party contractors working on Licensor's behalf) with respect to a Licensed Product (but may not, without

AbbVie's prior written consent, make any such disclosure with respect to any Licensed Product for which Development Activities were conducted jointly by AbbVie personnel and Licensor personnel, provided that the foregoing restriction shall not apply to the publication of the results of non-clinical Development activities that preceded, or are currently on-going, as of the date of commencement of such joint Development Activities). Licensor shall submit any such proposed publication or presentation to AbbVie in accordance with Section 9.6.4.

9.6.2 Licensor shall not publish, publicly present, or otherwise publicly disclose any materials that contain Clinical Data or pertain to results of Clinical Studies with respect to one or more Licensed Products, except in accordance with Section 9.6.4 below, without the prior written consent of AbbVie, not to be unreasonably withheld. Licensor shall submit any such proposed publication or presentation to AbbVie in accordance with Section 9.6.4.

9.6.3 Following AbbVie's exercise of its Option with respect to a given Collaboration Program, AbbVie, its Sublicensees and its and their respective Affiliates shall have the right to publish, present or otherwise disclose research, development and commercial information (including with respect to regulatory matters) regarding the Licensed Antibodies and Licensed Products under such Collaboration Program; provided that (a) such disclosure is subject to the provisions of ARTICLE 9 with respect to Licensor's Confidential Information, (b) AbbVie shall not use the name of Licensor (or insignia, or any contraction, abbreviation or adaptation thereof) without Licensor's prior written permission and (c) AbbVie has provided Licensor with the opportunity to review pursuant to Section 9.6.4.

9.6.4 Each party shall have the right to review any paper or other public disclosure proposed for publication by the other Party, including any oral presentation or abstract, that contains Clinical Data or pertains to results of Clinical Studies with respect to the Licensed Antibodies or Licensed Products or that includes Confidential Information of the other Party or, in the case of Licensor, that pertains to non-clinical Development activities described in Section 9.6.1 above. Before any such paper is submitted for publication or an oral presentation is made, the publishing or presenting Party shall deliver a then-current copy of the paper or

materials for oral presentation to the other Party at least [***] prior to submitting the paper to a publisher or making such other presentation or disclosure. The other Party shall review any such paper and give its comments to the publishing Party within [***] of the delivery of such paper to the other Party. With respect to oral presentation materials, abstracts and the like, the other Party shall make reasonable efforts to expedite review of such materials and abstracts, and shall return such items as soon as practicable to the publishing or presenting Party with appropriate comments, if any, but in no event later than [***] from the date of delivery to the other Party. Following AbbVie's exercise of its Option with respect to a given Collaboration Program, subject to Sections 9.3.1 and 9.5 above, AbbVie's affirmative approval shall be required for Licensor to publish or present with respect to any Clinical Data or results of Clinical Studies Conducted under the Post Exercise Development Plan. Licensor's approval is not required for AbbVie to publish or present as permitted under Section 9.6.3 above. Notwithstanding the foregoing, the publishing or presenting Party shall comply with the other Party's request to delete references to such other Party's Confidential Information in any such paper and will withhold publication of any such paper or any presentation of same for an additional [***] in order to permit the Parties to obtain Patent protection if either Party reasonably deems it necessary. Any publication shall include recognition of the contributions of the other Party according to standard practice for assigning scientific credit, either through authorship or acknowledgement, as may be appropriate.

9.6.5 Notwithstanding the foregoing it is understood that the requirements of this Section 9.6.5 are subject to and limited by the provisions of Sections 9.3.1 and 9.5 above (i.e., with respect to disclosures required by Applicable Law), and to the publication rights of academic Third Party clinical investigators and collaborators under Licensor's agreements with such investigators and collaborators, provided that such rights are substantially similar to those under agreements that were provided to AbbVie prior to the Effective Date.

9.7 Return of Confidential Information. Upon the effective date of the termination of this Agreement for any reason, either Party may request in writing, and the other Party shall either, with respect to Confidential Information (in the event of termination or expiration of this Agreement with respect to a Terminated Program but not in its entirety, solely to the extent relating to such Terminated Programs) to which such first Party does not retain rights under the surviving provisions of this Agreement: (a) as soon as reasonably practicable, destroy all copies of such Confidential Information in the possession of the other Party and confirm such destruction in writing to the requesting Party; or (b) as soon as reasonably practicable, deliver to the requesting Party, at the other Party's expense, all copies of such Confidential Information in the possession of the other Party; provided that the other Party shall be permitted to retain one (1) copy of such Confidential Information for the sole purpose of performing any continuing

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obligations hereunder, as required by Applicable Law, or for archival purposes. Notwithstanding the foregoing, such other Party also shall be permitted to retain such additional copies of or any computer records or files containing such Confidential Information that have been created solely by such Party's automatic archiving and back-up procedures, to the extent created and retained in a manner consistent with such other Party's standard archiving and back-up procedures, but not for any other use or purpose.

9.8 Prior Confidentiality. Any Information disclosed by a Party or its Affiliate to the other Party or its Affiliate prior to the Effective Date under that certain Bilateral Confidential Disclosure Agreement between the Parties or their respective Affiliates dated October 6, 2015 (as amended October 6, 2016), shall be deemed to have been disclosed under this Agreement, and covered by the provisions of this ARTICLE 9.

9.9 Survival. All Confidential Information shall continue to be subject to the terms of this Agreement for the period set forth in Section 9.2.

ARTICLE 10.
REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1 Mutual Representations and Warranties. Licensor and AbbVie each represents and warrants to the other, as of the Execution Date, and covenants, as follows:

10.1.1 Organization. It is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization, and has all requisite power and authority, corporate or otherwise, to execute, deliver, and perform its obligations under this Agreement.

10.1.2 Authorization. The execution and delivery of this Agreement and the performance by it of its obligations hereunder have been duly authorized by all necessary corporate action, and do not violate (a) such Party's charter documents, bylaws, or other organizational documents, (b) in any material respect, any agreement, instrument, or contractual obligation to which such Party is bound, (c) any requirement of any Applicable Law existing as of the Execution Date and applicable to such Party, or (d) any order, writ, judgment, injunction, decree, determination, or award of any court or governmental agency in effect as of the Execution Date and applicable to such Party.

10.1.3 Binding Agreement. This Agreement is a legal, valid, and binding obligation of such Party enforceable against it in accordance with its terms and conditions, subject to the effects of bankruptcy, insolvency, or other laws of general application affecting the enforcement of creditor rights, judicial principles affecting the availability of specific performance, and general principles of equity (whether enforceability is considered a proceeding at law or equity).

10.1.4 No Inconsistent Obligation. It is not under any obligation, contractual or otherwise, to any Person that conflicts with or is inconsistent in any material respect with the terms of this Agreement.

10.2 Additional Representations and Warranties of Licensor. Except as otherwise disclosed on Schedule 10.2, Licensor further represents and warrants to AbbVie, as of the Execution Date, and covenants, as follows:

10.2.1 All Licensor Background Patents existing as of the Execution Date are listed on Schedule 10.2.1 (the "**Existing Patents**"). All Existing Patents are subsisting and, to Licensor's Knowledge, are not invalid or unenforceable, in whole or in part.

10.2.2 There are no claims, judgments, or settlements that have been brought or obtained against Licensor or any of its Affiliates relating to the Existing Regulatory Documentation, the Existing Patents, or the Licensor Background Know-How. No claim or litigation has been brought or to Licensor's Knowledge threatened in writing by any Person alleging, and Licensor has no Knowledge of any claim, whether or not asserted, that (a) the Existing Patents are invalid or unenforceable, or (b) the Existing Regulatory Documentation, the Existing Patents, or the Licensor Background Know-How, or the disclosing, copying, making, assigning, or licensing of the Existing Regulatory Documentation, the Existing Patents, or the Licensor Background Know-How, or the Development or Commercialization of the Licensed Antibodies or Licensed Products as contemplated herein, does or will violate, infringe, misappropriate or otherwise conflict or interfere with, any Patent or other intellectual property or proprietary right of any Person.

10.2.3 Licensor is either (a) the sole and exclusive owner of the entire right, title and interest in or (b) the sole and exclusive licensee, with respect to the Licensed Antibodies, of the Existing Patents listed on Schedule 10.2.1, in each case ((a) and (b)) free of any encumbrance (other than Non-Material Licenses), lien, or claim of ownership by any Third Party. Licensor is entitled to grant the licenses specified herein. The Patents listed on Schedule 10.2.1 constitute all of the Existing Patents. Licensor has the right to use, and to include within the Background Know-How all Information that was used for the Development of AL002 or AL003 and is reasonably necessary for the continued Development and Commercialization thereof.

10.2.4 To Licensor's Knowledge, Licensor has the right to use all Information, and Patents necessary to conduct the Pre Exercise Development Activities, and the Development or Commercialization of the Licensed Antibody or the Licensed Products as contemplated herein will not be subject to any other license or agreement to which Licensor or any of its Affiliates is a party other than the Existing License Agreements.

10.2.5 To Licensor's Knowledge none of Licensor, its Affiliates or any counter party is in breach of any In-License Agreement. Licensor has not threatened to terminate, nor alleged any material breach under, any such In-License Agreement. Licensor has not received any written notice from any counter party to any In-License Agreement threatening to terminate an In License Agreement or alleging that Licensor is in material breach of an In-License Agreement. To Licensor's Knowledge, the letter dated September 19, 2017, executed by Licensor and Adimab, LLC, and the letter dated October 1, 2017, executed by Licensor and Adimab, LLC and each In-License Agreement are in full force and effect and have not been superseded by any other agreements or arrangements. Licensor has exercised its option pursuant to Section 3.2 of the Adimab Agreement with respect to all Licensed Antibodies on Schedule 1.127 and Schedule 1.129 of this Agreement generated under the Adimab Agreement and has

obtained (a) the corresponding licenses under Section 3.3 of the Adimab Agreement and (b) assignment of Patent applications [***] (the "**Adimab Applications**"). Other than the Adimab Applications, to Licensor's knowledge there are no Patents generated under the Adimab Agreement or owned by Adimab that claim or cover the Licensed Antibodies. The Adimab Applications fall under the definition of Antibody Sequence Coverage and Licensed Program Antibody Patents (as each is defined in the Adimab Agreement). To Licensor's Knowledge, the Licensed Antibodies are not covered by any Adimab Platform/Core Technology Improvement, Broad Target/Non-CDR Antibody Patent, Adimab Program Inventions, Adimab Platform/Background Patents, or Epitope Patent, (as such terms are defined in the Adimab Agreement).

10.2.6 The Existing Patents are being diligently prosecuted in the respective patent offices in the Territory in accordance with Applicable Law. To Licensor's Knowledge, the Existing Patents have been filed and maintained properly and correctly. All applicable fees have been paid on or before the due date for payment for each Existing Patent.

10.2.7 Except for Non-Material Licenses entered into in the standard course, neither Licensor nor any of its Affiliates has previously entered into any agreement, whether written or oral, with respect to the assignment, transfer, license, conveyance or encumbrance of, or otherwise assigned, transferred, licensed, conveyed or encumbered its right, title, or interest in or to the Existing Patents, Licensor Background Know-How, Regulatory Documentation, the Licensed Antibody, or the Licensed Products (including by granting any covenant not to sue with respect thereto) or any Patent or other intellectual property or proprietary right or Information that would be an Existing Patent, Licensor Background Know-How, or Regulatory Documentation but for such assignment, transfer, license, conveyance, or encumbrance. As used herein and in Section 10.2.3 above, "**Non-Material License(s)**" means material transfer agreements, agreements with contract research organizations, clinical trial site agreements, contract manufacturing agreements and similar agreements, in each case that do not contain any licenses granted by Licensor except for non-exclusive licenses to its Affiliates or to Third Parties, which grants do not include the right to Commercialize a Licensed Antibody or Licensed Product, are for purposes limited to the conduct of the agreement, and do not preclude AbbVie from exercising the licenses granted to AbbVie hereunder. To Licensor's Knowledge, all Non-Material Licenses (or the template on which such agreement was based) have been provided or made available to AbbVie prior to the Execution Date.

10.2.8 To Licensor's Knowledge, no Person is infringing or threatening to infringe or misappropriating or threatening to misappropriate the Existing Patents, the Licensor Background Know-How, or the Regulatory Documentation.

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10.2.9 True, complete, and correct copies of: (a) the file wrapper and other documents and materials relating to the prosecution, defense, maintenance, validity, and enforceability of the Existing Patents; (b) all Existing In-License Agreements; (c) all Existing Regulatory Documentation; and (d) all material adverse information with respect to the safety and efficacy of the Licensed Antibody known to Licensor, in each case ((a) through (d)) have been provided or made available to AbbVie prior to the Execution Date. There are no In-License Agreements executed or in effect as of the Effective Date other than the Existing In-License Agreements.

10.2.10 All Regulatory Documentation generated, prepared, maintained, and retained by Licensor and its Affiliates that is required to be maintained or retained pursuant to and in accordance with good laboratory and clinical practice and Applicable Law, has been so generated, prepared, maintained, and retained, and to Licensor's Knowledge all such information is true, complete and correct and what it purports to be.

10.2.11 No written claim of infringement has been filed, or to Licensor's Knowledge, threatened in writing against Licensor or any of its Affiliates by any Third Party with respect to the Development, Manufacture or Commercialization of any Licensed Antibody or Licensed Product. To Licensor's Knowledge, the conduct of the Pre-Exercise Development Activities, Post-Exercise Development Activities, and AbbVie's Development, Manufacture and Commercialization of the Licensed Products as contemplated herein will not infringe any Patent or other intellectual property or proprietary right of any Person.

10.2.12 No written claim has been filed, or to Licensor's Knowledge, threatened in writing, against Licensor or any of its Affiliates by any Third Party alleging that the conception, development, or reduction to practice of the Regulatory Documentation, the Existing Patents, or Licensor Background Know-How constitute or involved the misappropriation of trade secrets or other rights or property of any Person. To Licensor's Knowledge, the conception, development, and reduction to practice of the Regulatory Documentation, the Existing Patents, and Licensor Background Know-How existing as of the Execution Date have not constituted or involved the misappropriation of trade secrets or other rights or property of any Person.

10.2.13 The Existing Patents represent all Patents within Licensor's or its Affiliates' ownership or Control as of the Execution Date that are reasonably necessary or useful for the Development, Manufacture, or Commercialization of the Licensed Antibodies or the Licensed Products. There is no non-public Information owned or Controlled by Licensor or any of its Affiliates as of the Execution Date that is reasonably necessary or useful for the Development, Manufacture, or Commercialization of the Licensed Antibodies or the Licensed Products that is not within the Licensor Background Know-How.

10.2.14 Licensor does not Control any Antibody specifically binding to and modulating [***].

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10.2.15 To Licensor's Knowledge, each Person who has or has had any rights in or to any Existing Patents or any Licensor Background Know-How, has assigned and has executed an agreement obligating such Person to assign its entire right, title, and interest in and to such Existing Patents to Licensor or to the licensor under the applicable In-License Agreement. To Licensor's Knowledge, no current officer, employee, agent, or consultant of Licensor or any of its Affiliates is in violation of any term of any assignment or other agreement regarding the protection of Patents or other intellectual property or proprietary information of Licensor or such Affiliate or of any employment contract or any other contractual obligation relating to the relationship of any such Person with Licensor.

10.2.16 Licensor has used the same degree of diligence to protect the confidentiality of the Licensor Background Know-How as Licensor uses to protect its other proprietary information of similar importance but in all cases at lease a reasonable degree of care.

10.2.17 Licensor has made (and will make) available to AbbVie all Regulatory Documentation, Licensor Background Know-How and other Information in its possession or Control regarding or related to the Licensed Antibodies or the Licensed Products and all such Regulatory Documentation, Licensor Background Know-How and other Information are (and, if made available after the Execution Date, will be) true, complete, and correct.

10.2.18 Neither Licensor nor any of its Affiliates, nor to Licensor's Knowledge, any of its or their respective officers, employees, or agents has (a) (i) knowingly made an untrue statement of material fact or (ii) made a fraudulent statement, in either case to the FDA or any other Regulatory Authority with respect to the Development of the Licensed Antibodies or the Licensed Products, (b) knowingly failed to disclose a material fact required to be disclosed to the FDA or any other Regulatory Authority with respect to the Development of the Licensed Antibodies or the Licensed Products, or (c) knowingly committed an act, made a statement, or failed to make a statement with respect to the Development of the Licensed Antibodies or the Licensed Products that could reasonably be expected to provide a basis for the FDA to invoke its policy respecting "Fraud, Untrue Statements of Material Facts, Bribery, and Illegal Gratuities," set forth in 56 Fed. Reg. 46191 (September 10, 1991) and any amendments thereto or any analogous laws or policies in the Territory.

10.2.19 Licensor and its Affiliates have conducted, and their respective contractors and consultants have conducted, all Development of the Licensed Antibodies or the Licensed Products that they have conducted prior to the Execution Date in accordance with Applicable Law and (to the extent applicable) good laboratory practice. Licensor and its Affiliates have employed (and, with respect to such tests and studies that Licensor will perform, will employ) Persons with appropriate education, knowledge and experience to conduct and to oversee the conduct of the pre-clinical and Clinical Studies with respect to the Licensed Antibodies and Licensed Products.

10.2.20 Except as set forth in the Existing In-License Agreements, there are no amounts that will be required to be paid to a Third Party as a result of the Development, Manufacture or Commercialization of the Licensed Antibodies or Licensed Products that arise out of any agreement to which Licensor or any of its Affiliates is a party as of the Execution Date.

10.2.21 Neither Licensor nor any of its Affiliates has intentionally failed to disclose to AbbVie any scientific or technical facts or circumstances that it believes would reasonably be expected to materially adversely affect the scientific, therapeutic, or commercial potential of the Licensed Antibodies or Licensed Products. Neither Licensor nor any of its Affiliates has failed to disclose to AbbVie anything that it believes could reasonably be expected to materially adversely affect the acceptance, or the subsequent approval, by any Regulatory Authority of any filing, application or request for Regulatory Approval.

10.2.22 Neither Licensor nor any of its employees nor to its Knowledge, any of the agents performing hereunder, has ever been, is currently, or is the subject of a proceeding that could lead to it or such employees or agents becoming, as applicable, a Debarred Entity or Debarred Individual, an Excluded Entity or Excluded Individual or a Convicted Entity or Convicted Individual. If, during the Term, Licensor, or any of its employees (and to the extent Licensor is aware of the situation, its agents performing hereunder), become or are the subject of a proceeding that could lead to a Person becoming, as applicable, a Debarred Entity or Debarred Individual, an Excluded Entity or Excluded Individual or a Convicted Entity or Convicted Individual, Licensor shall immediately notify AbbVie, and AbbVie shall have the option, at its sole discretion, to prohibit such Person from performing work under this Agreement. For purposes of this provision, the following definitions shall apply:

(i) A "Debarred Individual" is an individual who has been debarred by the FDA pursuant to 21 U.S.C. § 335a (a) or (b) from providing services in any capacity to a Person that has an approved or pending drug or biological product application.

(ii) A "Debarred Entity" is a corporation, partnership or association that has been debarred by the FDA pursuant to 21 U.S.C. § 335a (a) or (b) from submitting or assisting in the submission of any abbreviated drug application, or a subsidiary or affiliate of a Debarred Entity.

(iii) An "Excluded Individual" or "Excluded Entity" is (A) an individual or entity, as applicable, who has been excluded, debarred, suspended or is otherwise ineligible to participate in federal health care programs such as Medicare or Medicaid by the Office of the Inspector General (OIG/HHS) of the U.S. Department of Health and Human Services, or (B) is an individual or entity, as applicable, who has been excluded, debarred, suspended or is otherwise ineligible to participate in federal procurement and non-procurement programs, including those produced by the U.S. General Services Administration (GSA).

(iv) A "Convicted Individual" or "Convicted Entity" is an individual or entity, as applicable, who has been convicted of a criminal offense that falls within the ambit of 21 U.S.C. § 335a (a) or 42 U.S.C. § 1320a—7(a), but has not yet been excluded, debarred, suspended or otherwise declared ineligible.

10.2.23 The inventions claimed or covered by the Existing Patents (a) were not conceived, discovered, developed, or otherwise made in connection with any research activities funded, in whole or in part, by the federal government of the United States or any agency thereof, and (b) are not a "subject invention" as that term is described in 35 U.S.C. Section 201(f).

10.2.24 During the period from the Execution Date until the Effective Date, Licensor and each of its Affiliates shall conduct its research and development with respect to the Licensed Antibody and the Licensed Products in the ordinary course.

10.2.25 At the time of delivery of the PoC Trial Report, Licensor shall inform AbbVie in writing if Licensor or any of its Affiliates becomes aware that the representations and warranties made by Licensor herein (other than pursuant to Sections 10.2.9, 10.2.13, 10.2.14 and 10.2.17) as of the Execution Date are not true and correct in any material respects on and as of the date of delivery of the PoC Trial Report as though made on and as of the date of delivery of the PoC Trial Report. Licensor shall not be liable for a breach of representation or warranty as a result of any event occurring after the Execution Date that results in any of the representations not being true and correct in any material respect as of the delivery of the PoC Trial Report so long as such item is disclosed to AbbVie in writing as set forth above.

10.2.26 To Licensor's Knowledge, the representations and warranties of Licensor in this Agreement, and the Information, documents and materials furnished to AbbVie in connection with its period of diligence prior to the Effective Date, do not, taken as a whole, (a) contain any untrue statement of a material fact, or (b) omit to state any material fact necessary to make the statements or facts contained therein, in light of the circumstances under which they were made, not misleading.

10.3 Additional Covenants of Licensor. Licensor further covenants to AbbVie as follows:

10.3.1 During the Term, Licensor shall (a) not commit or omit any acts that would cause the breach or termination of any In-License Agreement, or (b) not amend or otherwise modify or permit to be amended or modified, any In-License Agreement, in each case in a manner that would encumber or diminish the rights granted to AbbVie hereunder. Licensor shall promptly provide AbbVie with notice of any alleged, threatened, or actual breach of any In-License Agreement.

10.3.2 Neither Licensor nor any of its Affiliates will enter into any assignment, transfer, license, conveyance or encumbrance of, or otherwise assign, transfer, license, convey or encumbered its right, title, or interest in or to the Existing Patents, Licensor Background Know-How, Regulatory Documentation or grant any such right, title, or interest to any Person that is inconsistent with the rights and licenses granted to AbbVie under this Agreement.

10.3.3 [***].

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10.4 DISCLAIMER OF WARRANTIES. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

ARTICLE 11.
INDEMNITY

11.1 Indemnification of Licensor. AbbVie shall indemnify Licensor, its Affiliates and its and their respective directors, officers, employees, and agents (the "**Licensor Indemnitees**") and defend and save each of them harmless, from and against any and all losses, damages, liabilities, penalties, costs, and expenses (including reasonable attorneys' fees and expenses) (collectively, "**Losses**") in connection with any and all suits, investigations, claims, or demands of Third Parties (collectively, "**Third Party Claims**") incurred by or rendered against the Licensor Indemnitees arising from or occurring as a result of:

[***].

11.2 Indemnification of AbbVie. Licensor shall indemnify AbbVie, its Affiliates and its and their respective directors, officers, employees, and agents (the "**AbbVie Indemnitees**"), and defend and save each of them harmless, from and against any and all Losses in connection with any and all Third Party Claims incurred by or rendered against the AbbVie Indemnitees arising from or occurring as a result of:

[***].

11.3 Certain Losses. Any Losses, other than those Losses covered in ARTICLE 7, or which result from the unlawful conduct of a Party, or for which indemnification is otherwise provided in Section 11.1 or Section 11.2, in connection with any Third Party Claim brought against either Party resulting directly or indirectly from (a) the performance of Pre Exercise Development Activities (including from the Manufacture of any Licensed Antibody or Licensed Product for use in such Pre Exercise Development Activities) in accordance with the Pre Exercise Development Plan and Budget shall be included as a Development Cost; (b) the performance of any (i) Post Exercise Development Activities by either Party (or its Affiliates, employees, or agents) in accordance with a Post–Exercise Development Plan and Budget (including from the Manufacture of any Licensed Antibody or Licensed Product for use in such Post Exercise Development Activities) or (ii) Country-Specific Development Activities (including from the Manufacture of any Licensed Antibody or Licensed Product for use in such Country-Specific Development Activities), shall be included as a Development Cost unless Licensor has exercised its Licensor Development Opt Out or (c) the Commercialization of any

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Licensed Product in the Territory, or the Manufacture of any Licensed Product for use in Commercialization activities in the Territory, shall be included as an Allowable Expense or deducted to determine ROW Profit, as applicable, unless Licensor has exercised its Licensor Opt Out. If either Party learns of any Third Party Claim with respect to Losses covered by this Section 11.3, such Party shall provide the other Party with prompt written notice thereof. The Parties shall confer with respect to how to respond to such Third Party Claim and how to handle such Third Party Claim in an efficient manner. In the absence of such an agreement, each Party shall have the right to take such action as it deems appropriate.

11.4 Notice of Claim. All indemnification claims in respect of a Party, its Affiliates, or their respective directors, officers, employees and agents shall be made solely by such Party to this Agreement (the "**Indemnified Party**"). The Indemnified Party shall give the indemnifying Party prompt written notice (an "**Indemnification Claim Notice**") of any Losses or discovery of fact upon which such Indemnified Party intends to base a request for indemnification under this ARTICLE 11, but in no event shall the indemnifying Party be liable for any Losses that result from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss is known at such time). The Indemnified Party shall furnish promptly to the indemnifying Party copies of all papers and official documents received in respect of any Losses and Third Party Claims.

11.5 Control of Defense.

11.5.1 In General. Subject to the provisions of Sections 7.4, 7.5 and 7.6, at its option, the indemnifying Party may assume the defense of any Third Party Claim by giving written notice to the Indemnified Party within [***] after the indemnifying Party's receipt of an Indemnification Claim Notice. The assumption of the defense of a Third Party Claim by the indemnifying Party shall not be construed as an acknowledgment that the indemnifying Party is liable to indemnify the Indemnified Party in respect of the Third Party Claim, nor shall it constitute a waiver by the indemnifying Party of any defenses it may assert against the Indemnified Party's claim for indemnification. Upon assuming the defense of a Third Party Claim, the indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel selected by the indemnifying Party which shall be reasonably acceptable to the Indemnified Party. In the event the indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party shall immediately deliver to the indemnifying Party all original notices and documents (including court papers) received by the Indemnified Party in connection with the Third Party Claim. Should the indemnifying Party assume the defense of a Third Party Claim, except as provided in Section 11.5.2, the indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by such Indemnified Party in connection with the analysis, defense or settlement of the Third Party Claim unless specifically requested in writing by the indemnifying Party. In the event that it is ultimately determined that the indemnifying Party is not obligated to indemnify, defend or hold harmless the Indemnified Party from and against the Third Party Claim, the Indemnified Party shall reimburse the indemnifying Party for any Losses incurred by the indemnifying Party in its defense of the Third Party Claim.

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11.5.2 Right to Participate in Defense. Without limiting Section 11.5.1, any Indemnified Party shall be entitled to participate in, but not control, the defense of such Third Party Claim and to employ counsel of its choice for such purpose; provided that such employment shall be at the Indemnified Party's own expense unless (a) the employment thereof, and the assumption by the indemnifying Party of such expense, has been specifically authorized by the indemnifying Party in writing, (b) the indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 11.5.1 (in which case the Indemnified Party shall control the defense), or (c) the interests of the Indemnified Party and the indemnifying Party with respect to such Third Party Claim are sufficiently adverse to prohibit the representation by the same counsel of both Parties under Applicable Law, ethical rules or equitable principles.

11.5.3 Settlement. With respect to any Losses relating solely to the payment of money damages in connection with a Third Party Claim and that shall not result in the Indemnified Party's becoming subject to injunctive or other relief or otherwise adversely affect the business of the Indemnified Party in any manner, and as to which the indemnifying Party shall have acknowledged in writing the obligation to indemnify the Indemnified Party hereunder, the indemnifying Party shall have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, on such terms as the indemnifying Party, in its sole discretion, shall deem appropriate. With respect to all other Losses in connection with Third Party Claims, where the indemnifying Party has assumed the defense of the Third Party Claim in accordance with Section 11.5.1, the indemnifying Party shall have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss; provided that it obtains the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed). If the indemnifying Party does not assume and conduct the defense of a Third Party Claim as provided above, the Indemnified Party may defend against such Third Party Claim. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, no Indemnified Party shall admit any liability with respect to, or settle, compromise or dispose of any Third Party Claim without the prior written consent of the indemnifying Party, which consent shall not to be unreasonably withheld, conditioned or delayed. The indemnifying Party shall not be liable for any settlement, compromise or other disposition of a Loss by an Indemnified Party that is reached without the written consent of the indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed.

11.5.4 Cooperation. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, the Indemnified Party shall, and shall cause each indemnitee to, cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours afforded to the indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Third Party Claim, and making Indemnified Parties and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the indemnifying Party shall reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

11.5.5 Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Third Party Claim shall be reimbursed on a Calendar Quarter basis in arrears by the indemnifying Party, without prejudice to the indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

11.6 Special, Indirect, and Other Losses. EXCEPT (A) FOR WILLFUL MISCONDUCT, (B) FOR A PARTY'S BREACH OF ITS OBLIGATIONS UNDER ARTICLE 9 OR SECTION 5.10, (C) AS PROVIDED UNDER SECTION 13.11, AND (D) TO THE EXTENT ANY SUCH DAMAGES ARE REQUIRED TO BE PAID TO A THIRD PARTY AS PART OF A CLAIM FOR WHICH A PARTY PROVIDES INDEMNIFICATION UNDER THIS ARTICLE 11, NEITHER PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE FOR INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS OR BUSINESS INTERRUPTION (TO THE EXTENT THE SAME ARE CONSEQUENTIAL DAMAGES), HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER IN CONTRACT, TORT, NEGLIGENCE, BREACH OF STATUTORY DUTY OR OTHERWISE IN CONNECTION WITH OR ARISING IN ANY WAY OUT OF THE TERMS OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE USE OF THE LICENSED ANTIBODY OR LICENSED PRODUCT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGE

11.7 Insurance. Each Party shall obtain and carry in full force and effect the minimum insurance requirements set forth herein. Such insurance (a) shall be primary insurance with respect to each Party's own participation under this Agreement, (b) shall be issued by a recognized insurer [***], (c) shall list the other Party as an additional named insured thereunder, and (d) shall require [***] written notice to be given to the other Party prior to any cancellation or non-renewal thereof.

11.7.1 Types and Minimum Limits. The types of insurance, and minimum limits shall be:

(a) Worker's Compensation with statutory limits in compliance with the Worker's Compensation laws of the state or states in which the Party has employees in the United States (excluding Puerto Rico).

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(b) Employer's Liability coverage with a minimum limit of [***] per occurrence; provided that a Party has employees in the United States (excluding Puerto Rico).

(c) General Liability Insurance with a minimum limit of [***] per occurrence and [***] in the aggregate. Beginning at least [***] prior to the initiation of the PoC Study, General Liability Insurance shall include Professional Liability and Clinical Trial Insurance. Beginning at least [***] prior to First Commercial Sale of a Licensed Product, General Liability Insurance shall also include product liability insurance of [***].

11.7.2 Certificates of Insurance. Upon request by a Party, the other Party shall provide Certificates of Insurance evidencing compliance with this Section 11.7.2. The insurance policies shall be under an occurrence form, but if only a claims-made form is available to a Party, then such Party shall continue to maintain such insurance after the expiration or termination of this Agreement for the longer of (a) a period of [***] following termination or expiration of this Agreement in its entirety, or (b) with respect to a particular Party, last sale of a Licensed Product (or but for expiration or termination, would be considered a Licensed Product) sold under this Agreement by a Party.

11.7.3 Self-Insurance. Notwithstanding the foregoing, AbbVie may self-insure, in whole or in part, the insurance requirements described above; provided that AbbVie continues to be investment grade determined by reputable and accepted financial rating agencies.

ARTICLE 12.
TERM AND TERMINATION

12.1 Term.

12.1.1 HSR and Other Governmental Filings. The Parties shall each, as soon as practicable prior to the Option Exercise Date, file or cause to be filed with the U.S. Federal Trade Commission and the U.S. Department of Justice and any relevant foreign governmental authority ("Governmental Authority") any notifications required to be filed under the HSR Act (the "**HSR Filing**") or any notification or filing under any similar applicable foreign merger control or competition law or regulation ("**Other Antitrust Laws**") with respect to the transactions contemplated hereby. The Parties shall use their commercially reasonable efforts to respond promptly to any requests for additional information made by such Governmental Authority; provided, however, and for avoidance of doubt, neither Party shall have any obligation to agree to any structural or conduct remedy or to litigate in connection with the transactions contemplated hereby. Each Party is responsible for its own filing fees and for the costs and expenses of its own legal and other advice in relating to the HSR Filing and any applicable similar notification or filing under any Other Antitrust Laws.

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12.1.2 Term. Notwithstanding anything in this Agreement to the contrary, the exercise of the Option may not become effective until the expiration or earlier termination of the waiting period (or any extension thereof) under the HSR Act and any other applicable similar approvals or clearances (collectively, "**Antitrust Approvals**") have been obtained under any Other Antitrust Laws. This Agreement shall otherwise commence on the Execution Date (the "**Effective Date**") and, unless earlier terminated in accordance herewith, shall continue in force and effect with respect to each Collaboration Program until (i) expiration of the Option Period for such Collaboration Program if AbbVie has not previously delivered an Exercise Notice for such Collaboration Program, (ii) if AbbVie delivers an Exercise Notice at or prior to expiration of the Option Period for such Collaboration Program and Licensor has not exercised its Licensor Opt Out for such Collaboration Program, for so long as Licensed Antibodies or Licensed Products directed to the Collaboration Target that is the subject of such Collaboration Program are being Developed or Commercialized or (iii) if AbbVie delivers an Exercise Notice at or prior to expiration of the Option Period for such Collaboration Program and Licensor has exercised its Licensor Opt Out for such Collaboration Program, expiration of the last Royalty Term for the last Licensed Product for such Collaboration Program (such period, the "**Term**"). In the event the Agreement expires under this Section 12.1.2 or terminates per Section 12.2 or 12.5 below for both Collaboration Programs, this Agreement shall be deemed to have terminated in its entirety for purposes of Section 12.8 below, and for clarity, reference in this Agreement to "termination" (or similar terms, such as "terminates") with respect to a Collaboration Program includes the case in which the Option Period for such Collaboration Program expires without AbbVie having exercised its Option within the applicable Option Period.

12.1.3 Effect of Expiration of the Term. Following the expiration of the Term with respect to a Collaboration Program, if AbbVie delivered an Exercise Notice at or prior to expiration of the Option Period for such Collaboration Program, and this Agreement has not terminated with respect to such Collaboration Program in accordance with this ARTICLE 12, the grants in Section 5.2 shall become non-exclusive, fully-paid, royalty-free and irrevocable with respect to the corresponding Collaboration Program.

12.2 Termination for Material Breach. If either Party (the "**Non-Breaching Party**") believes that the other Party (the "**Breaching Party**") has materially breached one (1) or more of its material obligations under this Agreement, then the Non-Breaching Party may deliver notice of such material breach to the Breaching Party (a "**Default Notice**"). If the Breaching Party does not dispute that it has committed a material breach of one (1) or more of its material obligations under this Agreement, then if the Breaching Party fails to cure such breach, or fails to take steps as would be considered reasonable to effectively cure such breach, within [***] after receipt of the Default Notice (or within [***] if such breach is for non-payment of any amounts due under this Agreement), or if such compliance cannot be fully achieved within such [***] period and the Breaching Party has failed to promptly commence compliance and use diligent efforts to achieve full compliance as soon thereafter as is reasonably possible and in any case within one hundred

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[***] after receipt of the Default Notice, the Non-Breaching Party may terminate this Agreement upon written notice to the Breaching Party; provided that if such material breach is with respect to only one Collaboration Program (and not this Agreement in its entirety), such termination shall be limited to such Program. If the Breaching Party disputes that it has materially breached one (1) of its material obligations under this Agreement, the dispute shall be resolved pursuant to Section 13.7. If, as a result of the application of such dispute resolution procedures, the Breaching Party is determined to be in material breach of one (1) or more of its material obligations under this Agreement (an "**Adverse Ruling**"), then if the Breaching Party fails to complete the actions specified by the Adverse Ruling to cure such material breach within [***] (or within [***] if such breach is for non-payment of any amounts due under this Agreement) after such ruling, or such other period as may be specified in such Adverse Ruling, then the Non-Breaching Party may terminate this Agreement upon written notice to the Breaching Party; provided that if such material breach is with respect to: (a) only one Collaboration Program (and not this Agreement in its entirety), (b) only one AbbVie Opt In Product (and not this Agreement in its entirety) or one or more (but not all) Major Markets, such termination shall be limited to such Collaboration Program, AbbVie Opt In Product or such Major Markets, as applicable.

12.3 Material Breach Related to Diligence in the Major Markets. Notwithstanding Section 12.2, if the material breach and failure to cure contemplated by Section 12.2 is with respect to a breach of AbbVie's Commercialization diligence obligations under Section 4.3 as they relate to AbbVie's conduct following the First Commercial Sale of a Licensed Product and with respect to the Major Markets, Licensor shall not have the right, as a remedy for such breach, to terminate this Agreement after such First Commercial Sale has occurred in the Major Markets, but shall have the right to seek other remedies available to Licensor, including specific performance or the payment of money damages.

12.4 Invocation of Termination for Material Breach. Notwithstanding the foregoing, the Parties agree that termination pursuant to Section 12.2 is a remedy to be invoked only if the breach cannot be adequately remedied through specific performance or the payment of money damages.

12.5 For Convenience. Beginning [***] after the Effective Date, AbbVie may terminate this Agreement (a) in its entirety, (b) on Collaboration Program-by- Collaboration Program basis, or (c) on an AbbVie Opt In Product-by-AbbVie Opt In Product basis, for any or no reason, upon one [***] prior written notice to Licensor.

12.6 Termination for Insolvency. In the event that either Party (a) files for protection under bankruptcy or insolvency laws, (b) makes an assignment for the benefit of creditors, (c) appoints or suffers appointment of a receiver or trustee over substantially all of its property that is not discharged within [***] after such filing, (d) proposes a written agreement of composition or extension of its debts, (e) proposes or is a party to any dissolution or liquidation, (f) files a petition under any bankruptcy or insolvency act or has any such petition filed against that is not discharged within [***] of the filing thereof, or (g) admits in writing its inability generally to meet its obligations as they fall due in the general course, then the other Party may terminate this Agreement in its entirety effective immediately upon written notice to such Party.

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12.7 Rights in Bankruptcy.

12.7.1 Applicability of 11 U.S.C. § 365(n). All rights and licenses (collectively, the "**Intellectual Property**") granted under or pursuant to this Agreement, including all rights and licenses to use improvements or enhancements developed during the Term, are intended to be, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code (the "**Bankruptcy Code**") or any analogous provisions in any other country or jurisdiction, licenses of rights to "intellectual property" as defined under Section 101(35A) of the Bankruptcy Code. The Parties agree that the licensee of such Intellectual Property under this Agreement shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code, including Section 365(n) of the Bankruptcy Code, or any analogous provisions in any other country or jurisdiction. All of the rights granted to either Party under this Agreement shall be deemed to exist immediately before the occurrence of any bankruptcy case in which the other Party is the debtor.

12.7.2 Rights of non-Debtor Party in Bankruptcy. If a bankruptcy proceeding is commenced by or against either Party under the Bankruptcy Code or any analogous provisions in any other country or jurisdiction, the non-debtor Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any Intellectual Property and all embodiments of such Intellectual Property, which, if not already in the non-debtor Party's possession, shall be delivered to the non-debtor Party within [***] of such request; provided that the debtor Party is excused from its obligation to deliver the Intellectual Property to the extent the debtor Party continues to perform all of its obligations under this Agreement and the Agreement has not been rejected pursuant to the Bankruptcy Code or any analogous provision in any other country or jurisdiction.

12.8 Effects of Termination and Option Expiration.

12.8.1 In the event of a (i) termination of this Agreement in its entirety or with respect to a Terminated Program by AbbVie pursuant to Section 12.5 or by Licensor pursuant to Section 12.2 or 12.6 or (ii) expiration of the Option Period for a Collaboration Program if AbbVie has not previously delivered an Exercise Notice for such Collaboration Program in accordance with Section 5.1.1:

(a) all rights and licenses granted by Licensor hereunder shall immediately terminate with respect to the Terminated Programs.

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(b) all rights and licenses granted by AbbVie (other than as set forth in this Article 12) shall immediately terminate with respect to the Terminated Programs.

(c) subject to Section 12.10, solely with respect to the Terminated Programs, [***].

(d) [***].

(e) Notwithstanding paragraphs (c) and (d) above: (i) the licenses under Sections 12.8.1(c) above shall exclude [***]; (ii) the licenses under Sections 12.8.1(c) above shall exclude [***] and (iii) Licensor shall be responsible for (A) making any payments (including royalties, milestones and other amounts) payable by AbbVie to Third Parties under any Third Party agreements with respect to the Patents or Information that are the subject of such licenses to the extent such payments become due by reason of Licensor's exercise of the sublicense thereunder pursuant to this Section 12.8.1, by making such payments directly to AbbVie and, in each instance, Licensor shall make the requisite payments to AbbVie and provide the necessary reporting information to AbbVie in sufficient time to enable AbbVie to comply with its obligations under such Third Party agreements, and (B) complying with any other obligations included in any such Third Party agreements that are applicable to the grant to Licensor of such license or to the exercise of such license by Licensor or any of its Affiliates or sublicensees; and (iv) AbbVie shall be responsible for paying or providing to any such Third Party any payments or reports made or provided by Licensor under this paragraph (e); provided that AbbVie shall disclose to Licensor a true, complete and correct written description of such obligations and provide Licensee with the option of including such Third Party Patents or Information within the license granted hereunder and (b) Licensor shall only be obligated with respect to the obligations so disclosed from and after the date of such disclosure. Licensor may terminate its license pursuant to this Section 12.8.1 under any Patent or Information with respect to a Terminated Product by so notifying AbbVie in writing, in which case the terminated Patent or Information, respectively, shall be excluded from such license and Licensor shall have no obligation to pay royalties under Section 12.8.1(d) above or reimburse any Third Party payments (or abide by other Third Party obligations) under this Section 12.8.1(e) that have not accrued before such termination with respect to such Patent or Information to the extent so excluded. For clarity, after the effective date of termination, no licenses are granted hereunder to any [***] as set forth in Section 12.8.1(c).

(f) For clarity, upon such a termination: (a) in the event the Terminated Program is a Collaboration Program, the Collaboration Target for such Collaboration Program (the "**Terminated Target**") shall thereafter cease to be a Collaboration Target and (and such program shall cease to be a Collaboration Program), any Antibody directed to the Terminated Target shall cease to be a Licensed Antibody (each, a "**Terminated Antibody**"), and any product containing such an Antibody (each, a "**Terminated Product**") shall cease to be a

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Licensed Product, in each case for all purposes of this Agreement; (b) in the event the Terminated Program is an AbbVie Opt In Product, such AbbVie Opt In Product shall cease to be a Licensed Product and an AbbVie Opt-In Product (and shall be deemed a Terminated Product) and the Antibody contained therein shall cease to be a Licensed Antibody (and shall be deemed a Terminated Antibody), for all purposes of this Agreement; and in any case (c) all rights of AbbVie (including under Sections 5.1 and 5.2), and all obligations of Licensor, under this Agreement with respect to such Terminated Target, Terminated Antibodies and Terminated Products shall terminate, except for those rights and obligations expressly surviving under Section 12.12 below. For clarity: (A) if the Terminated Program is [***]; (B) Sections 9.5 and 9.6 shall not apply to public statements or publications by Licensor to the extent the same pertain to the Terminated Program or a Terminated Product; (C) the Joint Committees shall have no further authority or oversight with respect to the Terminated Program, and (D) the Parties' rights and obligations with respect to the enforcement and defense of the [***] included within the license(s) granted to Licensor pursuant to Section 12.8.1(c) above shall be as set forth on Schedule 12.8.1(f).

12.8.2 In the event of a termination of this Agreement in its entirety or with respect to a Terminated Program by AbbVie pursuant to Section 12.2 or 12.6:

(a) all rights and licenses granted by AbbVie hereunder shall immediately terminate with respect to the Terminated Programs; and

(b) all rights and licenses granted to AbbVie hereunder shall become exclusive or non-exclusive (at AbbVie's sole option), irrevocable, unrestricted, and perpetual rights and licenses, provided that the Parties shall mutually agree, in good faith, in writing the consideration Licensor shall receive for and the terms and conditions applicable to the aforementioned license, taking into consideration: (i) lost time in the Development and/or Commercialization of a Licensed Antibody or Licensed Product due to termination; (ii) AbbVie's contributions made in Exploitation of a Licensed Antibody or Licensed Product; and (iii) the reasons why the termination occurred. If, despite good faith discussions, the Parties are unable to agree on the consideration, then the dispute shall be resolved pursuant to Section 13.7.

12.9 Transition. In the event of termination of this Agreement, whether in its entirety or with respect to a Terminated Program by AbbVie pursuant to Section 12.5 (including, for clarity, expiration of the Option with respect to the Terminated Program without AbbVie having delivered an Exercise Notice for such Terminated Program prior to expiration of the applicable Option Period), or with respect to a Terminated Program or in its entirety by Licensor pursuant to Section 12.2 or 12.6, the following shall apply.

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12.9.1 Development. In the event AbbVie is conducting (or is having conducted on its behalf) any (a) on-going Clinical Studies of Licensed Antibody or Licensed Product (b) any ongoing pre-clinical studies and/or development of the Manufacturing Process (including without limitation, formulation studies, stability studies, scale up tests, etc.) of Licensed Antibody or Licensed Product, in each case following the date a notice of termination has been issued by Licensor or AbbVie, as applicable, AbbVie agrees, at Licensor's request: (i) to continue to conduct during the Development Wind-Down Period any such Clinical Studies, pre-clinical studies or Manufacturing Process development; or (ii) to the extent so requested by Licensor, (A) to promptly transition to Licensor or its designee such Clinical Studies, pre-clinical studies or Manufacturing Process development, or portions thereof or (B) terminate such Clinical Studies, pre-clinical studies, Manufacturing Process development, or portions thereof (provided that such termination would not be inconsistent with the Parties' ethical obligations). With respect to any development activities described in (i) above that Licensor requests that AbbVie continue, to the extent that such activities are not reasonably expected to be completed by the end of the Development Wind-down Period, Licensor shall use diligent efforts to facilitate the transition of such activities from AbbVie to Licensor by the end of the Development Wind-down Period. Any costs arising from each of (A) and (B) that accrue during the Development Wind-down Period will be borne by AbbVie (or in the case of Manufacturing Process development and any Clinical Studies and pre-clinical studies that were being conducted pursuant to a Post Exercise Development Plan and Budget or Commercialization Plan and Budget, shall continue to be borne by AbbVie (and if Licensor has not exercised a Licensor Opt Out with respect to such Collaboration Program prior to the applicable notice of termination, treated as Development Costs and shared equally by the Parties as provided in Section 3.7 above). For clarity, after the end of the Development Wind-down Period, Licensor shall be solely responsible for all such costs with respect to trials that it has requested that AbbVie continue or transfer to Licensor. As used herein, "**Development Wind-down Period**" means (x) if Licensor has exercised its Licensor Opt-Out, the [***] period following the date that the applicable termination takes effect or (y) otherwise, the [***] period following the date that the applicable termination takes effect. If, pursuant to Licensor's request, AbbVie continues such Clinical Studies, pre-clinical studies, or Manufacturing Process development, AbbVie shall continue to conduct any such Clinical Studies, pre-clinical studies, or Manufacturing Process development to be conducted by AbbVie pursuant to this Section 12.9.1 in accordance with the terms and conditions of this Agreement.

12.9.2 Commercialization. To avoid disruption in the availability of Terminated Products to patients, if this Agreement is terminated after the First Commercial Sale of a Terminated Product, AbbVie, its Affiliates and its Sublicensees shall continue to distribute such Terminated Product, in accordance with the terms and conditions of this Agreement, in each country for which Regulatory Approval therefor has been obtained, until [***] after the date on which Licensor notifies AbbVie in writing that Licensor has secured an alternative distributor or licensee for the Terminated Product in such country, but in no event more for than [***] after the effective date of any expiration or termination of this Agreement (the "**Commercialization Wind-down Period**"); provided that AbbVie, its Affiliates and its Sublicensees shall cease such activities, or any portion thereof, in a given country upon [***] notice by Licensor requesting that such activities (or portion thereof) be ceased. Notwithstanding any other provision of this

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Agreement, during the Commercialization Wind-down Period, AbbVie's and its Affiliates' and Sublicensees' rights with respect to Terminated Products shall be non-exclusive and, without limiting the foregoing, Licensor shall have the right to engage one or more other distributor(s) and/or licensee(s) of the Product in all or part of the Territory. Any Product sold or disposed of by AbbVie, its Affiliates or its Sublicensees in the Territory during the Commercialization Wind-down Period shall be subject to applicable payment obligations under ARTICLE 6 above. Within [***] of expiration of the Commercialization Wind-down Period, AbbVie shall notify Licensor of any quantity of the Product remaining in AbbVie's inventory and Licensor shall have the option, upon notice to AbbVie, to repurchase any such quantities of the Product from AbbVie at a price equal to AbbVie's Manufacturing Cost of such quantities.

12.9.3 Regulatory Approvals, Regulatory Documentation and Product Trademarks. AbbVie shall assign (or cause to be assigned) to Licensor or its designee all Regulatory Approvals, Regulatory Documentation and Product Trademarks solely to the extent related to the Terminated Products, including any such Regulatory Documentation made or owned by its Affiliates and/or Sublicensees. In each case, unless otherwise required by Applicable Law or requested by Licensor, the foregoing assignment (or availability) shall be made within [***] after the effective date of any expiration or termination of this Agreement, and if such assignment cannot be made under Applicable Law within such period, as soon as practicable thereafter.

12.9.4 Supply Obligations. Upon Licensor's request, AbbVie shall either (a) to the extent allowable under such agreements, assign to Licensee or its Affiliates the portion of AbbVie's agreement(s) with its Third Party manufacturing provider related to the Terminated Antibodies, Terminated Products and placebo used in connection therewith, or alternatively, use Commercially Reasonable Efforts to facilitate Licensor's entering into a direct supply agreement with such Third Party manufacturing provider of the Terminated Antibodies, Terminated Products and placebo used in connection therewith on comparable terms to those between AbbVie and such Third Party manufacturing provider (in each case assuming AbbVie is then obtaining supply of Terminated Antibodies, Terminated Products or placebo used in connection therewith from a Third Party manufacturing provider) and (b) to the extent AbbVie or its Affiliate is producing its own supply of the Terminated Product, Terminated Antibody or placebo, use Commercially Reasonable Efforts to supply to Licensor the Terminated Antibodies and/or Terminated Products and placebo as requested by Licensor, to the extent reasonably necessary for Licensor's continued Development and Commercialization of such Terminated Antibodies and/or Terminated Products, until the date on which Licensor notifies AbbVie in writing that Licensor has secured an alternative manufacturer for the Terminated Antibodies and/or Terminated Products, but in no event more for than [***] after the effective date of any expiration or termination of this Agreement. In the case of (b), Licensor shall pay to AbbVie a transfer price for the materials supplied equal to the Manufacturing Cost thereof. Without limiting the foregoing, in either case Licensor shall additionally have the right to immediately have AbbVie commence the transfer of the Manufacturing Process to Licensor or its designee, with such transfer to be carried out in accordance with the terms of Section 3.5.3, applied *mutatis mutandis*.

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12.9.5 Information Transfer. AbbVie shall provide to Licensor the AbbVie Program Know-How, Regulatory Documentation, Clinical Data and other Information pertaining to the Terminated Program to the same degree and on a reciprocal basis as provided in Sections 3.5.3(a)-(d), 3.6.1, 3.6.2 and 3.8.3 (*mutatis mutandis*, as would apply after AbbVie exercised the Option for such Terminated Program, and shall apply with respect to all such Know-How, Clinical Data, Regulatory Document and other Information to the extent such items exist as of the date of such termination) which Licensor shall have the right to use and disclose in connection with the Exploitation of the Terminated Program. Notwithstanding anything to the contrary, AbbVie is under no obligation to disclose any AbbVie Incorporated Background Know-How to Licensor.

12.9.6 Cooperation. Without limiting the foregoing, AbbVie shall use Commercially Reasonable Efforts to cooperate with Licensor and/or its designee to effect a smooth and orderly transition in the development, sale and ongoing marketing, promotion and commercialization of the Product in the Territory during the Development Wind-down Period and Commercialization Wind-down Period in each case in a prompt and expeditious manner.

12.10 Reverse Royalty. If this Agreement is terminated in its entirety or with respect to a Terminated Program, and in connection therewith, AbbVie grants to Licensor a license pursuant to Section 12.8, in consideration of the licenses granted and other consideration provided to Licensor pursuant to Section 12.8, if Licensor continues the Development and Commercialization of a Terminated Product that was the subject of the PoC Trial or a Phase III Clinical Study Conducted by AbbVie, Licensor shall pay AbbVie a royalty of [***] on Net Sales of such Terminated Product during the Reverse Royalty Term for such Terminated Product. For purposes of this Section 12.10 and Section 12.8.1(d) above, the definition of "Net Sales," and Sections 6.5.4 and 6.6 through 6.17 shall apply *mutatis mutandis* to the calculation, payment, recording, and auditing of Licensor's obligations to pay royalties under this Section 12.10 and Section 12.8.1(d) above as they apply to AbbVie and, solely for such purpose, each reference in each such Section (and any related definitions) to (i) AbbVie shall be deemed to be a reference to Licensor, and (ii) a Sublicensee shall be deemed to be a reference to a licensee or sublicensee of Licensor or its Affiliates.

12.11 Remedies. Except as otherwise expressly provided herein, termination of this Agreement (either in its entirety or with respect to a Terminated Program) in accordance with the provisions hereof shall not limit remedies that may otherwise be available in law or equity.

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12.12 Accrued Rights; Surviving Obligations.

12.12.1 Termination or expiration of this Agreement (either in its entirety or with respect to one (1) or more country(ies) or other jurisdiction(s)) for any reason shall be without prejudice to any rights that shall have accrued to the benefit of a Party prior to such termination or expiration. Such termination or expiration shall not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement. Without limiting the foregoing, Article 1 (to the extent the used in other surviving provisions); 3.10.1 and 3.10.2 (solely for the purposes, and in accordance with the time periods, set forth therein); 3.11; Sections 6.3.2, 6.4 and 6.8 (or in the event Licensor has exercised its Licensor Opt Out, Section 6.5 and 6.6.1), in each case of the foregoing Sections of Article 6 with respect to Licensed Products sold by AbbVie or its Affiliates during the Commercial Wind down Period; 6.7, 6.9 through 6.15; 7.1.1 through 7.1.4 (with respect to Patents and Know-How conceived, discovered, developed, or otherwise made prior to expiration or termination of this Agreement); 7.1.6; 7.3 and 7.4 with respect to any Prosecuted Infringements and defensive actions being conducted by AbbVie as of the date of termination, provided that AbbVie shall, upon Licensor's request use Commercially Reasonable Efforts to promptly transfer control of such Prosecuted Infringements actions to Licensor; 9.2, 9.3 (provided that Sections 9.3.2 and 9.3.6 shall not apply for AbbVie in the case of a termination covered by Section 12.8.1), 9.4, 9.7, 9.8 and 9.9; Sections 11.1 through 11.6; 12.1.3 and the grants referenced therein (with respect to expiration, but not termination, of this Agreement), 12.7, 12.8 through 12.10 (with respect to termination, but not expiration, of this Agreement and in accordance with the time periods set forth therein), 12.12, 13.2, 13.3 through 13.13, and 13.15 through 13.19 of this Agreement shall survive the termination or expiration of this Agreement for any reason (unless the reason is expressly limited therein). If this Agreement is terminated with respect to a Terminated Program but not in its entirety, then following such termination the foregoing provisions of this Agreement shall remain in effect with respect to the Terminated Program (to the extent they would survive and apply in the event the Agreement expires or is terminated in its entirety), and all provisions not surviving in accordance with the foregoing shall terminate upon termination of this Agreement with respect to the Terminated Program and be of no further force and effect (and, for purposes of clarity, all provisions of this Agreement shall remain in effect with respect to the Collaboration Program that is not the Terminated Program).

12.12.2 Notwithstanding the termination of AbbVie's licenses and other rights under this Agreement or with respect to a Terminated Program, AbbVie shall have the right for [***] after the effective date of such termination to sell or otherwise dispose of all Terminated Antibody or Terminated Product then in its inventory and any in-progress inventory, as though this Agreement had not terminated with respect to the Terminated Programs, and such sale or disposition shall not constitute infringement of Licensor's or its Affiliates' Patent or other intellectual property or other proprietary rights. For purposes of clarity, AbbVie shall continue to make payments thereon as provided in ARTICLE 6 as if this Agreement had not terminated with respect to such Terminated Programs.

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ARTICLE 13.
MISCELLANEOUS

13.1 Force Majeure. Neither Party shall be held liable or responsible to the other Party or be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement when such failure or delay is caused by or results from events beyond the reasonable control of the non-performing Party, including fires, floods, earthquakes, hurricanes, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), terrorist acts, insurrections, riots, civil commotion, strikes, lockouts, or other labor disturbances (whether involving the workforce of the non-performing Party or of any other Person), acts of God or acts, omissions or delays in acting by any governmental authority (except to the extent such delay results from the breach by the non-performing Party or any of its Affiliates of any term or condition of this Agreement). The non-performing Party shall notify the other Party of such force majeure within [***] after such occurrence by giving written notice to the other Party stating the nature of the event, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance shall be of no greater scope and no longer duration than is necessary and the non-performing Party shall use commercially reasonable efforts to remedy its inability to perform.

13.2 Change in Control of Licensor.

13.2.1 Licensor (or its successor) shall provide AbbVie with written notice of any Change in Control of Licensor or Acquisition by Licensor within [***] following the closing date of such transaction.

(a) In the event of the Change in Control of Licensor, AbbVie shall have the right, in its sole and absolute discretion, by written notice delivered to Licensor (or its successor) at any time during the [***] following the written notice contemplated by Section 13.2.1, to require Licensor and the Change in Control party to adopt reasonable procedures to be agreed upon in writing to prevent disclosure of Confidential Information of AbbVie. In the event of such Change in Control: (i) Patents existing as of such Change of Control claiming inventions made, and Information or Antibodies Controlled, by Persons that are Affiliates of Licensor as a result of such Change in Control (collectively, the "**Acquirer**") shall be excluded from Licensor Background Patents, Licensor Background Know-How, and Licensed Antibodies (and shall not be deemed made, conceived, discovered or developed within the scope of this Agreement); (ii) Patents claiming inventions made, and Information or Antibodies Controlled, by Acquirer after such Change of Control shall be excluded from Licensor Background Patents, Licensor Background Know-How, and Licensed Antibodies (and shall not be deemed made, conceived, discovered or developed within the scope of this Agreement), other than (x) any Patent that claims priority to any Patent Controlled by Licensor (or by any Affiliate who was an Affiliate of Licensor before such Change in Control), as of the date of such Change of Control or thereafter,

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or (y) any Patent that is based on the use or practice of (1) any Licensor Background Patents, Licensor Program Patents or Joint Program Patents, in each case under a right or license from Licensor, or (2) Licensor Background Know-How, Licensor Program Know-How, Joint Program Know-How, or non-public Information that was obtained from Licensor following such Change in Control (each, a "**Licensor Patent**"); and (iii) Section 5.10.1 above shall not apply to activities of the Acquirer, so long as such activities are not conducted pursuant to any right or license granted to it under a Licensor Patent, but in each of cases (i) and (ii), the Acquirer Segregates the activities that are so excluded. To the extent the activities of an Acquirer are excluded under (ii) above, the Acquirer shall be considered a Third Party for purposes of Section 7.3 above.

(b) In addition to the rights set forth in Section 13.2.1(a), solely in the event of a Change in Control of Licensor pursuant to which a Significant Pharmaceutical Company acquires Control of Licensor, AbbVie shall have the right, in its sole discretion, to (i) disband each of the Joint Committees and terminate the activities of each of the Joint Committees, (ii) terminate Licensor's right to perform Additional Licensor Development Activities pursuant to Section 3.2.2, provided that Licensor may continue any Additional Licensor Development Activities that commenced prior to such Change in Control, and (iii) if such Change of Control occurs prior to Licensor having completed all of its responsibilities under the Pre-Exercise Development Plan and Budget, either (A) require the Change in Control party to complete the activities assigned to Licensor under the Pre Exercise Development Plan and Budgets in accordance with the terms and conditions of this Agreement, or (B) assume and complete some or all of the unfinished activities assigned to Licensor under the Pre Exercise Development Plan and Budgets; provided that the Change in Control party shall be required to complete any activities assigned to Licensor under Pre Exercise Development Plan and Budgets that AbbVie elects not to assume and complete. If AbbVie elects to assume and complete any of the unfinished activities assigned to Licensor under the Pre Exercise Development Plan and Budgets, then to the extent requested by AbbVie Licensor or the Change in Control party shall assign to AbbVie any or all Third Party agreements that relate solely to such the unfinished activities under the Pre Exercise Development Plan and Budgets (including agreements with contract research organizations, clinical sites, investigators and manufacturing providers), and otherwise cooperate fully to make the benefits of any such agreements that are not so assigned available to AbbVie as necessary or useful to complete such activities. In the event AbbVie elects to assume any the unfinished activities assigned to Licensor under the Pre Exercise Development Plan and Budgets, Licensor or the Change in Control party shall either transfer Control of such Clinical Studies to AbbVie or its designee and cooperate with AbbVie to ensure a smooth and orderly transition thereof that will not involve any delay or disruption of such Clinical Studies, and in such case, if AbbVie assumes control of the PoC Trial for a Collaboration Program, the Option Period with respect to such Collaboration Program shall continue only until AbbVie receives the tables, listings and figures from the PoC Trial. Licensor or the Change in Control party, as applicable, shall bear all costs and expenses related to the unfinished activities under the Pre Exercise Development Plan and Budgets (including supply costs and any costs associated with the transfer), regardless of whether AbbVie, Licensor or the Change in Control party undertakes such activities, provided that Licensor shall only be responsible for costs incurred by AbbVie (together with its Affiliates) to complete such activities up to the costs of such activities included in the most recent budget approved in good faith by Licensor's Board of Directors prior to such Change in Control. For such purposes, a "**Significant Pharmaceutical Company**" means [***].

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13.3 Export Control. This Agreement is made subject to any restrictions concerning the export of products or technical information from the United States or other countries that may be imposed on the Parties from time to time. Each Party agrees that it will not export, directly or indirectly, any technical information acquired from the other Party under this Agreement or any products using such technical information to a location or in a manner that at the time of export requires an export license or other governmental approval, without first obtaining the written consent to do so from the appropriate agency or other governmental entity in accordance with Applicable Law.

13.4 Assignment.

13.4.1 Without the prior written consent of the other Party, neither Party shall sell, transfer, assign, delegate (except as expressly permitted under this Agreement), pledge, or otherwise dispose of, whether voluntarily, involuntarily, by operation of law or otherwise, this Agreement or any of its rights or duties hereunder; provided that (a) either Party may make such an assignment without the other Party's consent to (i) its Affiliate or (ii) to a successor, whether in a merger, sale of stock, sale of assets or any other transaction, of all or substantially all of its business or assets; and (b) AbbVie may assign this Agreement with respect to a Collaboration Program (i) to a Significant Pharmaceutical Company and (ii) following receipt of Regulatory Approval for the first Licensed Product with respect to such Collaboration Program, to an entity that is not a Significant Pharmaceutical Company, with Licensor's consent, which consent shall not be unreasonably withheld; provided further, in each case ((a) and (b)), that the assignee acquires or licenses substantially all of AbbVie's rights and assets related to such Collaboration Program (including the associated rights in AbbVie Program Patents, AbbVie Program Know-How and AbbVie's interest in the associated Joint Program Patents and Joint Program Know-How) that are necessary for such entity's performance under this Agreement. With respect to an assignment to an Affiliate, the assigning Party shall remain responsible for the performance by such Affiliate of the rights and obligations hereunder. Any attempted assignment or delegation in violation of this Section 13.4 shall be void and of no effect. All validly assigned and delegated rights and obligations of the Parties hereunder shall be binding upon and inure to the benefit of and be enforceable by and against the successors and permitted assigns of Licensor or AbbVie, as the case may be. The permitted assignee or transferee shall assume all obligations of its assignor or transferor under this Agreement. Without limiting the foregoing, the grant of rights set forth in this Agreement shall be binding upon any successor or permitted assignee of Licensor, and the obligations of AbbVie, including the payment obligations, shall run in favor of any such successor or permitted assignee of Licensor's benefits under this Agreement.

13.4.2 Without limiting Section 13.2 above, the rights to Information, materials and intellectual property: (a) Controlled by a Third Party permitted assignee of a Party, which Information, materials and intellectual property were Controlled by such assignee immediately prior to such assignment; or (b) Controlled by an Affiliate of a Party who becomes an Affiliate through any Change in Control of or Acquisition by such Party, which Information, materials and intellectual property were Controlled by such Affiliate immediately prior to such Change in Control or Acquisition, in each case ((a) and (b)), shall be automatically excluded from the rights licensed or granted to the other Party under this Agreement, so long as such Information, materials and intellectual property are not utilized by such Third Party or Affiliate in connection with the Development, Manufacture or Commercialization of a Licensed Antibody or Licensed Product that incorporates any non-public AbbVie Program Know-How, Licensor Program Know-How, or Licensor Background Know-How, or any AbbVie Program Patents or Licensor Program Patents.

13.5 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under any present or future law, and if the rights or obligations of either Party under this Agreement will not be materially and adversely affected thereby, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance herefrom, and (d) in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and reasonably acceptable to the Parties. To the fullest extent permitted by Applicable Law, each Party hereby waives any provision of law that would render any provision hereof illegal, invalid, or unenforceable in any respect.

13.6 Governing Law, Jurisdiction and Service.

13.6.1 Governing Law. This Agreement or the performance, enforcement, breach or termination hereof shall be interpreted, governed by and construed in accordance with the laws of the State of Delaware, United States, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction; provided that all questions concerning (a) inventorship of Patents under this Agreement shall be determined in accordance with the United States patent law and (b) the construction or effect of Patents shall be determined in accordance with the laws of the country or other jurisdiction in which the particular Patent has been filed or granted, as the case may be. The Parties agree to exclude the application to this Agreement of the United Nations Convention on Contracts for the International Sale of Goods.

13.6.2 Service. Each Party further agrees that service of any process, summons, notice or document by registered mail to its address set forth in Section 13.8 shall be effective service of process for any action, suit, or proceeding brought against it under this Agreement in any such court.

13.7 Dispute Resolution. Except for disputes resolved by the procedures set forth in Section 2.4.3, 6.14 or 13.11 or for which either Party has final decision making authority, if a dispute arises between the Parties in connection with or relating to this Agreement or any document or instrument delivered in connection herewith (a "**Dispute**"), it shall be resolved pursuant to this Section 13.7.

13.7.1 General. Any Dispute shall first be referred to the Senior Officers of the Parties, who shall confer in good faith on the resolution of the issue. Any final decision mutually agreed to by the Senior Officers shall be conclusive and binding on the Parties. If the Senior Officers are not able to agree on the resolution of any such issue within [***] (or such other period of time as mutually agreed by the Senior Officers) after such issue was first referred to them, then, except as otherwise set forth in Section 13.7.2, either Party may, by written notice to the other Party, elect to initiate an alternative dispute resolution ("**ADR**") proceeding pursuant to the procedures set forth in Section 13.7.3 for purposes of having the matter settled**.**

13.7.2 Intellectual Property Disputes. In the event that a Dispute arises with respect to the validity, scope, enforceability, inventorship or ownership of any Patent, Trademark or other intellectual property rights, and such Dispute cannot be resolved in accordance with Section 13.7.1, unless otherwise agreed by the Parties in writing, such Dispute shall not be submitted to an ADR proceeding in accordance with Section 13.7.3 and instead, either Party may initiate litigation in a court of competent jurisdiction, notwithstanding Section 13.6, in any country or other jurisdiction in which such rights apply.

13.7.3 ADR. Any ADR proceeding under this Agreement shall take place pursuant to the procedures set forth on Schedule 13.7.3.

13.7.4 Expert Arbitration. Any dispute expressly stated in this Agreement to be resolved pursuant to this Section 13.7.4 shall take place pursuant to the following procedures:

(a) **Arbitration Supervision**. The expert arbitration shall be overseen by and conducted as a "baseball" form of binding arbitration by a single arbitrator selected in accordance with the procedure set forth in Schedule 13.7.3, and conducted pursuant to Schedule 13.7.3, except as modified under this Section 13.7.4 The arbitrator may, upon agreement by the Parties, modify the procedures under Schedule 13.7.3, as appropriate solely to expedite a "baseball" arbitration. The hearing to resolve each of the issues identified by the parties in the Parties shall be had no later than [***] after selection of the expert panel described in Section 13.7.4(b). All references to the Neutral in Schedule 13.7.3 shall refer to the expert panel described in Section 13.7.4(b).

(b) Promptly following receipt of any notice requiring dispute resolution pursuant to this Section 13.7.4, the arbitrator may engage one or more experts to assist the arbitrator in resolving the issue under the supervision of an arbitrator as provided in Section 13.7.4(a), which experts shall be neutral and independent of both Parties and all of their respective Affiliates, shall have significant experience and expertise in the substantive area in question, and shall have some experience in mediating or arbitrating issues relating to such agreements. Any legal questions referred to the experts or raised by an expert shall be resolved by the arbitrator.

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13.7.5 Adverse Ruling. Any determination pursuant to this Section 13.7 that a Party is in material breach of its material obligations hereunder shall specify a (nonexclusive) set of actions to be taken to cure such material breach, if feasible.

13.7.6 Interim Relief. Notwithstanding anything herein to the contrary, nothing in this Section 13.7 shall preclude either Party from seeking interim or provisional relief, including a temporary restraining order, preliminary injunction or other interim equitable relief concerning a Dispute, if necessary to protect the interests of such Party. This Section 13.7.6 shall be specifically enforceable.

13.8 Notices.

13.8.1 Notice Requirements. Any notice, request, demand, waiver, consent, approval, or other communication permitted or required under this Agreement shall be in writing, shall refer specifically to this Agreement and shall be deemed given only if (a) delivered by hand, (b) sent by facsimile transmission (with transmission confirmed), or (c) by internationally recognized overnight delivery service that maintains records of delivery, addressed to the Parties at their respective addresses specified in Section 13.8 or to such other address as the Party to whom notice is to be given may have provided to the other Party in accordance with this Section 13.8.1. Such notice shall be deemed to have been given as of the date delivered by hand or transmitted by facsimile (with transmission confirmed) or on the second Business Day (at the place of delivery) after deposit with an internationally recognized overnight delivery service. Any notice delivered by facsimile shall be confirmed by a hard copy delivered as soon as practicable thereafter. This Section 13.8.1 is not intended to govern the day-to-day business communications necessary between the Parties in performing their obligations under the terms of this Agreement.

13.8.2 Address for Notice.

If to AbbVie, to:

AbbVie Biotechnology Ltd.
c/o AbbVie Inc.
1 N Waukegan Road
North Chicago, IL 60064
Attention: Executive Vice President, External Affairs; General Counsel
Facsimile: [***]

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with a copy (which shall not constitute notice) to:

AbbVie, Inc.
1 North Waukegan Road
North Chicago, IL 60064
Attention: Vice President, Legal
Facsimile: [***]

If to Licensor, to:

Alector, Inc.
151 Oyster Point Blvd., Ste 300
South San Francisco, CA 94080
Attention: CEO

with a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati
650 Page Mill Road
Palo Alto, CA 94304
Attention: Kenneth A. Clark
Facsimile: (650) 493-6811

13.9 Entire Agreement; Amendments. This Agreement, together with the Schedules attached hereto, set forth and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and all prior agreements, understandings, promises, and representations, whether written or oral, with respect thereto are superseded hereby (including that certain Bilateral Confidential Disclosure Agreement between the Parties or their respective Affiliates dated October 6, 2015 (as amended October 6, 2016)). Each Party confirms that it is not relying on any representations or warranties of the other Party except as specifically set forth in this Agreement. No amendment, modification, release, or discharge shall be binding upon the Parties unless in writing and duly executed by authorized representatives of both Parties.

13.10 English Language. This Agreement shall be written and executed in, and all other communications under or in connection with this Agreement shall be in, the English language. Any translation into any other language shall not be an official version thereof, and in the event of any conflict in interpretation between the English version and such translation, the English version shall control.

13.11 Equitable Relief. Each Party acknowledges and agrees that the restrictions set forth in Section 5.10, ARTICLE 7 and ARTICLE 9 are reasonable and necessary to protect the legitimate interests of the other Party and that such other Party would not have entered into this Agreement in the absence of such restrictions, and that any breach or threatened breach of any provision of such Section or Articles may result in irreparable injury to such other Party for

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which there will be no adequate remedy at law. In the event of a breach or threatened breach of any provision of such Section or Articles, the non-breaching Party shall be authorized and entitled to seek from any court of competent jurisdiction injunctive relief, whether preliminary or permanent, specific performance, and an equitable accounting of all earnings, profits, and other benefits arising from such breach, which rights shall be cumulative and in addition to any other rights or remedies to which such non-breaching Party may be entitled in law or equity. Both Parties agree to waive any requirement that the other (a) post a bond or other security as a condition for obtaining any such relief, and (b) show irreparable harm, balancing of harms, consideration of the public interest, or inadequacy of monetary damages as a remedy. Nothing in this Section 13.11 is intended, or should be construed, to limit either Party's right to equitable relief or any other remedy for a breach of any other provision of this Agreement.

13.12 Waiver and Non-Exclusion of Remedies. Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The waiver by either Party hereto of any right hereunder or of the failure to perform or of a breach by the other Party shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise. The rights and remedies provided herein are cumulative and do not exclude any other right or remedy provided by Applicable Law or otherwise available except as expressly set forth herein.

13.13 No Benefit to Third Parties. Except as provided in ARTICLE 11, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties hereto and their successors and permitted assigns, and they shall not be construed as conferring any rights on any other Persons.

13.14 Further Assurance. Each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes hereof, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

13.15 Relationship of the Parties. It is expressly agreed that Licensor, on the one hand, and AbbVie, on the other hand, shall be independent contractors and that the relationship between the Parties shall not constitute a partnership, joint venture, or agency, including for all tax purposes. Neither Licensor, on the one hand, nor AbbVie, on the other hand, shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other, without the prior written consent of the other Party to do so. All persons employed by a Party shall be employees of such Party and not of the other Party and all costs and obligations incurred by reason of any such employment shall be for the account and expense of such Party.

13.16 Performance by Affiliates. AbbVie may use one (1) or more of its Affiliates to perform its obligations and duties hereunder and such AbbVie Affiliates are expressly granted certain rights herein; provided that each such Affiliate shall be bound by the corresponding obligations of AbbVie and, AbbVie shall remain liable hereunder for the prompt payment and performance of all their respective obligations hereunder.

13.17 Counterparts; Facsimile Execution. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument. This Agreement may be executed by facsimile or electronically transmitted signatures and such signatures shall be deemed to bind each Party hereto as if they were original signatures.

13.18 References. Unless otherwise specified, (a) references in this Agreement to any Article, Section or Schedule shall mean references to such Article, Section or Schedule of this Agreement, (b) references in any Section to any clause or paragraph are references to such clause or paragraph of such Section, and (c) references to any agreement, instrument, or other document in this Agreement refer to such agreement, instrument, or other document as originally executed or, if subsequently amended, replaced, or supplemented from time to time, as so amended, replaced, or supplemented and in effect at the relevant time of reference thereto.

13.19 Construction. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural the singular, the use of any gender shall be applicable to all genders and the word "or" is used in the inclusive sense (and/or). Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The captions of this Agreement are for convenience of reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The term "including," "include," or "includes" as used herein shall mean "including, but not limited to," and shall not limit the generality of any description preceding such term. The language of this Agreement shall be deemed to be the language mutually chosen by the Parties and no rule of strict construction shall be applied against either Party hereto. Each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in the drafting hereof. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption will apply against the Party which drafted such terms and provisions.

[SIGNATURE PAGE FOLLOWS.**]**

THIS AGREEMENT IS EXECUTED by the authorized representatives of the Parties as of the Execution Date.

ALECTOR, INC.

By: /s/ Arnon Rosenthal

Name: Arnon Rosenthal

Title: Chief Executive Officer

ABBVIE BIOTECHNOLOGY, LTD.

By: /s/ Stephen Muldoon

Name: Stephen Muldoon

Title: Director

Schedule 1.69

Corporate Names

1. Alector LLC
2. Alector, Inc.

Schedule 1.90

Existing In-License Agreements

Third Amended and Restated Collaboration Agreement, dated September 19, 2016, between Adimab, LLC ("**Adimab**") and Alector LLC (the "**Adimab Agreement**").

Development and Manufacturing Services Agreement, dated July 3, 2017, between Lonza Sales AG ("**Lonza**") and Alector LLC (the "**Lonza Agreement**").

The license agreement under which Lonza will grant Licensor a non-exclusive license under certain intellectual property (including patents and know-how) pertaining to GS (as defined in the Lonza Agreement) controlled by Lonza and its Affiliates (the "**GS License**"); provided that Lonza and Licensor enter into the license for such intellectual property as contemplated in the Lonza Agreement (as such terms are defined therein). For clarity, notwithstanding the fact that the GS License has not been executed as of the Effective Date, the GS License shall not be subject to Section 5.7.2 of the Agreement but shall be deemed an Existing In-License Agreement, subject to Section 5.7.1.

Development and GMP Manufacturing Master Services Agreement, dated May 30, 2017, between Celonic AG ("**Celonic**") and Alector LLC (the "**Celonic Agreement**").

Schedule 1.127

[***]

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Schedule 1.129

[***]

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Schedule 1.150

Manufacturing Cost

[***]

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Schedule 1.188

PoC Trial Parameters

[***]

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Schedule 1.193

Pre Exercise Development Plan and Budget
(Parts 1 and 2: Preclinical & Clinical Activities)

[Follows on next page.]

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Schedule 3.1.3

PoC Trial Report Requirements

[***]

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Schedule 3.2.1

Initial Post Exercise Development Plan and Budget

[***]

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Schedule 3.3.2

[***]

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Schedule 3.5.5

Pre-Approved Subcontractors

[***]

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Schedule 5.7.1

[***]

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Schedule 6.4.4

FTE Rates

[***]

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Schedule 7.6.5

[***]

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Schedule 10.2

Schedule of Exceptions

[***]

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Schedule 10.2.1

Existing Patents

[***]

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Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

Alector LLC