UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended September 30, 2017

OR

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

Commission File Number 001-37587

CytomX Therapeutics, Inc.

(Exact name of Registrant as Specified in its Charter)

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check one)

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

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

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

As of November 3, 2017, 38,408,626 shares of the registrant's common stock were outstanding.

CYTOMX THERAPEUTICS, INC.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2017
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PART II – OTHER INFORMATION

Forward-Looking Statements

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

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

- the initiation, timing, progress and results of our research and development programs, clinical trials, including our Phase 1/2 clinical trials of CX-072 and CX-2009, preclinical studies and any additional Investigational New Drug applications (“IND”), clinical trial applications, New Drug Applications (“NDA”), Biologics License Applications (“BLA”) and other regulatory submissions;
- our receipt and timing of any milestone payments or royalties under any existing or future research collaboration and license agreements or arrangements;
- our expectations regarding the potential safety, efficacy or clinical utility of our product candidates;
- our expectations and beliefs regarding the evolution of the market for cancer therapies and development of the oncology industry;
- our ability to identify and develop products for novel cancer targets;
- our dependence on existing and future collaborators for developing, obtaining regulatory approval for and commercializing product candidates in such collaborations;
- our ability to identify and develop product candidates for treatment of additional disease indications;
- our or an existing or future collaborator’s ability to obtain and maintain regulatory approval of any of our or such collaborator’s product candidates;
- the rate and degree of market acceptance of any approved product candidates;
- the commercialization of any approved product candidates;
- our ability to establish and maintain collaborations and retain commercial rights for our product candidates in the collaborations;
- the implementation of our business model and strategic plans for our business, technologies and product candidates;
- our estimates of our expenses, ongoing losses, future revenue and capital requirements;
- our ability to obtain additional funds for our operations;
- our or any existing or future collaborator’s ability to obtain and maintain intellectual property protection for our

technologies and product candidates and our ability to operate our business without infringing the intellectual property rights of others;

- our reliance on third parties to conduct our preclinical studies or any future clinical trials;
- our reliance on third-party supply and manufacturing partners to supply the materials and components for, and manufacture, our research and development, preclinical and clinical trial product supplies;
- our ability to attract and retain qualified key management and technical personnel;
- our expectations regarding the time during which we will be an emerging growth company under the Jumpstart Our Business Startups Act of 2012;
- our financial performance; and
- developments relating to our competitors or our industry.

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

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

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

Trademarks

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

PART I – FINANCIAL INFORMATION

Item 1. Unaudited Condensed Financial Statements

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

	September 30, 2017 (unaudited))	December 31, 2016 (audited) (1)
Assets		
Current assets:		
Cash and cash equivalents	$ 284,225	$ 104,645
Short-term investments	47,050	77,293
Accounts receivable	40,183	2,159
Related party accounts receivable	68	154
Prepaid expenses and other current assets	4,848	3,896
Total current assets	376,374	188,147
Property and equipment, net	4,087	4,392
Intangible assets	1,641	1,750
Goodwill	949	949
Restricted cash	917	917
Other assets	3,071	2,973
Total assets	$ 387,039	$ 199,128
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,869	$ 6,596
Accrued liabilities	11,444	8,824
Deferred revenues, current portion	56,928	20,347
Total current liabilities	71,241	35,767
Deferred revenue, net of current portion	267,996	83,803
Deferred tax liability	520	513
Other long-term liabilities	1,803	566
Total liabilities	341,560	120,649
Commitments and contingencies		
Preferred stock, $0.00001 par value; 10,000,000 shares authorized and no shares issued and outstanding at September 30, 2017 and December 31, 2016.	—	—
Common stock, $0.00001 par value; 75,000,000 shares authorized; 37,095,462 and 36,490,169 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	1	1
Additional paid-in capital	265,625	254,871
Accumulated other comprehensive loss	(61)	(27)
Accumulated deficit	(220,086)	(176,366)
Total stockholders' equity	45,479	78,479
Total liabilities and stockholders' equity	$ 387,039	$ 199,128

(1) The condensed consolidated balance sheet as of December 31, 2016 was derived from the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

See accompanying notes to condensed financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	$ 23,662	$ 2,829	$ 43,121	$ 7,151
Revenues from related party	482	625	1,429	1,620
Total revenues	24,144	3,454	44,550	8,771
Operating expenses:				
Research and development	28,920	13,337	71,573	39,407
General and administrative	6,249	5,033	17,989	14,720
Total operating expenses	35,169	18,370	89,562	54,127
Loss from operations	(11,025)	(14,916)	(45,012)	(45,356)
Interest income, net	806	210	1,400	542
Other income (expense), net	(47)	45	(101)	(46)
Loss before provision for income taxes	(10,266)	(14,661)	(43,713)	(44,860)
Provision (benefit) for income taxes	(19)	1	7	7
Net loss	$ (10,247)	$ (14,662)	$ (43,720)	$ (44,867)
Net loss per share, basic and diluted	$ (0.28)	$ (0.40)	$ (1.19)	$ (1.24)
Shares used to compute net loss per share, basic and diluted	36,947,129	36,324,805	36,757,119	36,168,026
Other comprehensive loss:				
Changes in unrealized (losses) / gains on short-term investments	49	(72)	(34)	82
Total other comprehensive (loss) / income	49	(72)	(34)	82
Comprehensive loss	$ (10,198)	$ (14,734)	$ (43,754)	$ (44,785)

See accompanying notes to condensed financial statements.

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

	Nine Months Ended September 30,	
	2017	**2016**
Cash flows from operating activities:		
Net loss	$ (43,720)	$ (44,867)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Gain on disposal of property and equipment	(1)	—
Depreciation and amortization	1,241	1,243
Accretion of discount on investments	392	1,256
Stock-based compensation expense	8,537	7,473
Non-cash acquisition of in-process research and development asset charged to expense	10,700	—
Issuance of stock in connection with services	—	159
Deferred income taxes	7	6
Changes in operating assets and liabilities		
Accounts receivable	1,976	132
Related party accounts receivable	86	165
Prepaid expenses and other current assets	(952)	(2,102)
Other assets	(98)	138
Accounts payable	(3,495)	(4,059)
Accrued liabilities and other long-term liabilities	4,124	4,087
Deferred revenue	169,574	32,401
Net cash provided by operating activities	148,371	(3,968)
Cash flows from investing activities:		
Purchases of property and equipment	(1,325)	(1,574)
Purchases of short-term investments	(54,183)	(121,517)
Maturities of short-term investments	84,000	126,500
Net cash provided by / (used in) investing activities	28,492	3,409
Cash flows from financing activities:		
Proceeds from exercise of stock options	2,717	429
Proceeds from stockholder notes	—	78
Payment of deferred offering costs	—	(12)
Net cash provided by financing activities	2,717	495
Net increase in cash and cash equivalents	179,580	(64)
Cash and cash equivalents, beginning of period	104,645	59,822
Cash and cash equivalents, end of period	$ 284,225	$ 59,758
Supplemental disclosures of noncash investing and financing items:		
Purchases of property and equipment in accounts payable and accrued liabilities	79	58
Non-cash acquisition of in-process research and development asset charged to expense	10,700	—

See accompanying notes to condensed financial statements.

1. Description of the Business

CytomX Therapeutics, Inc. (the "Company") is a clinical-stage, oncology-focused biopharmaceutical company pioneering a novel class of investigational antibody therapeutics based on its Probody technology platform. Probody therapeutics are masked antibodies that remain inert in healthy tissue but are activated specifically in the disease microenvironment. The Company is located in South San Francisco, California and was incorporated in the state of Delaware in September 2010.

2. Liquidity

Since inception, the Company has incurred recurring net operating losses. As of September 30, 2017 and December 31, 2016, the Company had an accumulated deficit of $220.1 million and $176.4 million, respectively, and expects to incur losses for the foreseeable future. To date, the Company has financed its operations primarily through sales of its common stock in conjunction with the Company's initial public offering ("IPO"), sales of its convertible preferred securities and payments received under its collaboration agreements. As of September 30, 2017 and December 31, 2016, the Company had cash, cash equivalents and short-term investments of $331.3 million and $181.9 million, respectively.

The Company expects its existing capital resources will be sufficient to fund its operations for a period of at least twelve months from the date the financial statements are issued. However, if the anticipated operating results are not achieved in future periods, the Company's planned expenditures may need to be reduced in order to extend the time period over which the then-available resources would be able to fund operations. The cost and timing of developing the Company's products, including CX-072 and CX-2009, are highly uncertain and are subject to substantial risks and many changes. As such, the Company may alter its expenditures as a result of contingencies such as the failure of one of these product candidates in clinical development, the identification of a more promising product candidate in its research efforts or unexpected operating costs and expenditures. The Company will need to raise additional funds in the future. There can be no assurance, however, that such efforts will be successful or that, in the event that they are successful, the terms and conditions of such financing will be favorable to the Company.

3. Summary of Significant Accounting Policies

Basis of Presentation

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

Unaudited Interim Financial Information

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

Certain reclassifications have been made to prior period amounts to conform to the current period presentation. For the three and nine months ended September 30, 2016, a reclassification of interest expense to interest income was made in the condensed statements of operations to conform to the current period presentation.

The December 31, 2016 condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The condensed results of operations for the three and nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for the full year or for any other future year or interim period. The accompanying condensed financial statements should be read in conjunction with the audited financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial

statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Concentration of Credit Risk and Other Risks and Uncertainties

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

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

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

	Revenue				Accounts Receivable, net	
	Three Months Ended September 30,		Nine Months Ended September 30,		September 30,	December 31,
	2017	2016	2017	2016	2017	2016
Customer A	34%	52%	41%	61%	1%	93%
Customer C	64%	30%	41%	21%	—	—
Customer B	2%	18%	3%	18%	—	7%
Customer D	—	—	15%	—	—	—
Customer E	—	—	—	—	99%	—

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

Segments

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

Cash and Cash Equivalents

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

Restricted Cash

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

Short-term Investments

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

A decline in the fair value of any security below cost that is deemed other than temporary results in a charge to earnings and the corresponding establishment of a new cost basis for the security. The amortized cost of securities is adjusted for amortization of

premiums and accretion of discounts to maturity. Dividend and interest income are recognized when earned. Realized gains and losses are included in earnings and are derived using the specific identification method for determining the cost of securities sold.

Property and Equipment, net

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

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

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

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price paid over the fair value of tangible and identifiable intangible assets acquired in business combinations. Goodwill and other intangible assets with indefinite lives are not amortized, but are assigned to reporting units and tested for impairment annually, or whenever there is an impairment indicator. Intangible assets are comprised of in-process research and development (“IPR&D”). IPR&D acquired through a business combination is capitalized as indefinite-lived intangible asset, regardless of whether the IPR&D asset has alternative future use. IPR&D not acquired through a business combination is capitalized if it has an alternative future use and expensed if it does not have an alternative future use. The Company assesses impairment indicators annually or more frequently, if a change in circumstances or the occurrence of events suggests the remaining value may not be recoverable. Intangible assets that are not deemed to have an indefinite life are amortized over their estimated useful lives. There was no impairment of goodwill or intangible assets identified during the nine months ended September 30, 2017 and the year ended December 31, 2016.

Impairment of Long-Lived Assets

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

Accrued Research and Development Costs

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

Comprehensive Income (Loss)

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

Revenue Recognition

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

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

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

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

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

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

Research and Development Expenses

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

Stock-Based Compensation

The Company measures its stock-based awards made to employees based on the fair values of the awards as of the grant date using the Black-Scholes option-pricing model. Stock-based compensation expense is recognized over the requisite service period using the ratable method and is based on the value of the portion of stock-based payment awards. The Company's stock-based compensation is adjusted in subsequent periods as forfeitures occur.

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

Income Taxes

The Company accounts for income taxes under the liability method which requires, among other things, that deferred income taxes be provided for temporary differences between the tax basis of the Company's assets and liabilities and their financial statement reported amounts. A valuation allowance is provided against deferred tax assets unless it is more likely than not that they will be realized.

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

Net Loss per Share

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

Adopted Accounting Pronouncements

Beginning 2017, the Company adopted *ASU No. 2016-09, Improvements to employee share-based payment,* which simplifies the accounting for employee share-based transactions. The amendments in this update cover such areas as the recognition of excess tax benefits and deficiencies, the classification of those excess tax benefits on the statement of cash flows, an accounting policy election for forfeitures, the amount an employer can withhold to cover income taxes and still qualify for equity classification, and the

classification of those taxes paid on the statement of cash flows. The Company adopted ASU No. 2016-09 in the first quarter of 2017. As a result of adopting this standard, the Company made an accounting policy election to account for forfeitures as they occur. Adoption of this guidance did not have a material impact on the Company's financial statements or its tax position.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard will be effective for the Company on January 1, 2018, which is the effective date for public companies. Early application is permitted as of January 1, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. Additionally, in March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net*), which clarifies the implementation guidance on principal versus agent considerations in ASU No. 2014-09. In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*, which clarifies certain aspects of identifying performance obligations and licensing implementation guidance. In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*, which relates to disclosures of remaining performance obligations, as well as other amendments to guidance on collectability, non-cash consideration and the presentation of sales and other similar taxes collected from customers. These standards have the same effective date and transition date of January 1, 2018. The Company will adopt this ASU on January 1, 2018, using the modified retrospective approach. As part of the Company's assessment work to date, it has formed an implementation work team to assess what impact the provisions of ASU 2014-09, if any, may have on the Company's financial statements. The Company is completing an assessment of the potential impact from adopting this new standard on its financial reporting and disclosures. The Company will continue to evaluate the potential impact of the new standard, and its preliminary assessments are subject to change. Additionally, the Company will continue to monitor industry activities and any additional guidance provided by regulators, standards setters, or the accounting profession as an ongoing component of its assessment and implementation plans.
In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Under ASU No. 2016-2, an entity will be required to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. ASU 2016-02 offers specific accounting guidance for a lessee, a lessor and sale and leaseback transactions. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. For public companies, ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, and requires a modified retrospective adoption, with early adoption permitted. The Company plans to adopt this guidance beginning with its first quarter ending March 31, 2019. The Company is in the process of evaluating the future impact of ASU No. 2016-02 on its financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new standard changes the impairment model for most financial assets and certain other instruments. Under the new standard, entities holding financial assets and net investment in leases that are not accounted for at fair value through net income are to be presented at the net amount expected to be collected. An allowance for credit losses will be a valuation account that will be deducted from the amortized cost basis of the financial asset to present the net carrying value at the amount expected to be collected on the financial asset. The new standard will be effective for the Company on January 1, 2020. The Company is in the process of evaluating the future impact of ASU No. 2016-13 on its financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Restricted Cash, Statement of Cash Flows (Topic 230)*. ASU No. 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The amendments in this ASU should be applied using a retrospective transition method to each period presented. The Company is in the process of evaluating the future impact of ASU No. 2016-18 on its financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The new standard simplifies the measurement of goodwill by eliminating the Step 2 impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. The new guidance requires an entity to compare the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable. The new guidance becomes effective for goodwill impairment tests in fiscal years beginning after December 15, 2019, though early adoption is permitted. The Company is currently assessing the impact of this new guidance.

In May 2017, the FASB issued ASU No. 2017-09, Compensation - *Stock Compensation (Topic 718): Scope of Modification Accounting*. This accounting standard update provides clarity when a change to terms or conditions of a share-based payment award must be accounted for as a modification. The new guidance requires modification accounting if the vesting condition, fair value or the award classification is not the same both before and after a change to the terms and conditions of the award. The new guidance is effective on a prospective basis beginning on January 1, 2018 with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on the Company's financial statements.

4. Fair Value Measurements and Short-Term Investments

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

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

The carrying amounts of the Company's financial instruments, including restricted cash, accounts receivable, accounts payable and accrued liabilities approximate fair value due to their relatively short maturities. The Company's financial instruments consist of Level I assets. Level I assets consist primarily of highly liquid money market funds and U.S. Treasury securities.

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

	September 30, 2017			
	Level I	Level II	Level III	Total
Assets				
Money market funds	$ 273,227	$ —	$ —	$ 273,227
Restricted cash (money market funds)	917	—	—	917
U.S. Treasury securities	47,050	—	—	47,050
Total	$ 321,194	$ —	$ —	$ 321,194

	December 31, 2016			
	Level I	Level II	Level III	Total
Assets				
Money market funds	$ 89,626	$ —	$ —	$ 89,626
Restricted cash (money market funds)	917	—	—	917
U.S. Treasury securities	—	77,293	—	77,293
Total	$ 90,543	$ 77,293	$ —	$ 167,836

The following tables set forth the gross unrealized gains and losses on the Company's investments (in thousands), none of which have been deemed to be other than temporarily impaired. The Company intends and has the ability to hold the following investments until their recovery.

	September 30, 2017			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Investment Securities				
Money market funds	$ 273,227	$ —	$ —	$ 273,227
Restricted cash (money market funds)	917	—	—	917
U.S. Treasury securities	47,086	—	(36)	47,050
Total securities	$ 321,230	$ —	$ (36)	$ 321,194

	December 31, 2016			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Investment Securities				
Money market funds	$ 89,626	$ —	$ —	$ 89,626
Restricted cash (money market funds)	917	—	—	917
U.S. Treasury securities	77,295	8	(10)	77,293
Total securities	$ 167,838	$ 8	$ (10)	$ 167,836

The following tables set forth the contractual maturities of the securities listed above:

	September 30, 2017
Due within one year	$ 321,194
Total	$ 321,194

5. Property and Equipment

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

	September 30, 2017	December 31, 2016
Machinery and equipment	$ 6,601	$ 5,973
Computer equipment and software	897	888
Furniture and fixtures	643	651
Leasehold improvements	701	578
Construction in progress	86	45
Total property and equipment	8,928	8,135
Less: accumulated depreciation and amortization	(4,841)	(3,743)
Property and equipment, net	$ 4,087	$ 4,392

Depreciation and amortization expense was $368,000 and $443,000 for the three months ended September 30, 2017 and 2016, respectively, and $1.1 million and $1.2 million for the nine months ended September 30, 2017 and 2016, respectively.

6. Goodwill and Intangible Assets

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

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

	September 30, 2017	December 31, 2016
Goodwill	$ 949	$ 949
In-process research and development	1,641	1,750

In connection with the collaboration agreements, the Company began amortizing the IPR&D in 2017. The IPR&D is being amortized over the estimated lives of the patents which average 12 years. The amortization for the three and nine months ended September 30, 2017 was $109,000.

7. Accrued Liabilities

Accrued liabilities consisted of the following (in thousands):

	September 30, 2017	December 31, 2016
Research and clinical expenses	$ 7,324	$ 3,909
Payroll and related expenses	2,889	3,971
Legal and professional expenses	1,094	264
Property and equipment	—	331
Other accrued expenses	137	349
Total	$ 11,444	$ 8,824

8. Research and Collaboration Agreements

AbbVie Ireland Unlimited Company

On April 21, 2016, the Company and AbbVie Ireland Unlimited Company (“AbbVie”) entered into two agreements, a CD71 Co-Development and Licensing Agreement (the “CD71 Agreement”) and a Discovery Collaboration and Licensing Agreement (the “Discovery Agreement” and together with the CD71 Agreement the “AbbVie Agreements”). Under the terms of the CD71 Agreement, the Company and AbbVie will co-develop a Probody Drug Conjugates (“PDC”) against CD71, with the Company responsible for pre-clinical and early clinical development. AbbVie will be responsible for later development and commercialization, with global late-stage development costs shared between the two companies. The Company will assume 35% of the net profits or net losses related to later development unless it opts-out. If the Company opts-out from participation of co-development of the CD71 PDC, AbbVie will have sole right and responsibility for the further development, manufacturing and commercialization of such CD71 PDC. AbbVie, at its sole discretion, may stop development of any CD71 PDC and terminate the CD71 Agreement if the Company does not meet certain preclinical research criteria by the applicable deadline. In such case, the Company and AbbVie may evaluate and approve an alternate CD71 PDC. If such alternate CD71 PDC is approved, then the Company and AbbVie will, in good faith, negotiate amendments to the timelines and, if necessary, the content in the research and development plan and budget and extensions to the deadlines to achieve defined success criteria.

Under the CD71 Agreement, the Company received an upfront payment of $20.0 million in April 2016, and is eligible to receive up to $470.0 million in development, regulatory and commercial milestone payments and royalties on ex-US sales in the high teens to low twenties if the Company participates in the co-development of the CD71 Licensed Product subject to a reduction in such royalties if the Company opts-out from the co-development of the CD71 PDC. The Company’s share of later stage co-development costs for each CD71 PDC are capped, provided that AbbVie may offset the Company’s co-development cost above the capped amounts from future payments such as milestone payments and royalties. In July 2017, the Company received a milestone payment of $14.0 million (net of the associated license fees), which the Company recognized as revenues during the period, from AbbVie for achieving certain milestones required to be met to begin GLP toxicology studies under the CD71 Agreement.

Under the terms of the Discovery Agreement, AbbVie receives exclusive worldwide rights to develop and commercialize PDC against up to two targets, one of which was selected in March 2017. The Company shall perform research services to discover the Probodies

and create PDCs for the nominated collaboration targets. From that point, AbbVie shall have sole right and responsibility for development and commercialization of products comprising or containing such PDCs ("Discovery Licensed Products").
Under the Discovery Agreement, the Company received an upfront payment of $10.0 million in April 2016 and may receive an additional payment upon the selection by AbbVie of the second target and the satisfaction of certain performance conditions under the CD71 Agreement. AbbVie has not selected the second target, but the performance conditions under the CD71 Agreement were met in September 2016. The Company is also eligible to receive up to $275.0 million in target nomination, development, regulatory and commercial milestone payments and royalties in the high single to low teens from commercial sales of any resulting PDCs.
The Company has determined that the CD71 and Discovery Agreements with AbbVie should be combined and evaluated as a single arrangement in determining revenue recognition, because both agreements were concurrently negotiated and executed.
The Company identified the following deliverables at the inception of the AbbVie Agreements: (1) the research, development and commercialization license for CD71 Probody, (2) the research services related to CD71 Probody, (3) the obligation to participate in the CD71 Agreement joint research committee, (4) the research services related to the first discovery target (5) the research, development and commercialization license for the first discovery target, and (6) the obligation to participate in the Discovery Agreement joint research committee.

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

The upfront payments under the AbbVie Agreements are allocated between two units of accounting based on the estimated relative selling prices of each unit. In order to determine the best estimate of selling price, the Company used the discounted cash flow method by calculating risk-adjusted net present values of estimated cash flows. The Company recognizes the allocated amounts ratably over the estimated research service period of five years. The Company recognized revenue of $15.4 million and $1.0 million for the three months ended September 30, 2017 and 2016, respectively, and $18.1 million and $1.8 million for the nine months ended September 30, 2017 and 2016, respectively, related to the AbbVie Agreements. The $15.4 million and $18.1 million of revenues recognized for the three and nine months ended September 30, 2017, respectively, include a $14.0 million milestone payment (net of the associated license fees), the Company received from AbbVie, offset by $1.0 million of sublicense fees paid, as a result of the Company achieving certain milestones required to be met to begin GLP toxicology studies under the CD71 Agreement. As of September 30, 2017 and December 31, 2016, deferred revenue related to the CD71 unit of accounting was $14.7 million and $17.7 million, respectively, and deferred revenue related to the Discovery Agreement unit of accounting was $7.3 million and $8.9 million, respectively.

Amgen, Inc.

On September 29, 2017, the Company and Amgen, Inc. ("Amgen") entered into a Collaboration and License Agreement (the "Amgen Agreement"). Pursuant to the Amgen Agreement, the Company received an upfront payment of $40.0 million in October 2017. Concurrent with the entry into the Amgen Agreement, the Company and Amgen entered into a Share Purchase Agreement (the "Purchase Agreement") pursuant to which Amgen agreed to purchase 1,156,069 shares of the Company's common stock, par value $0.00001 per share, at a price of $17.30 per share (calculated based on a 20-day volume-weighted average price), for total proceeds of $20.0 million, which the Company received on October 6, 2017, the closing date of the transaction. On the closing date, the Registration Rights Agreement (the "Registration Rights Agreement") between the Company and Amgen went into effect. Pursuant to the Registration Rights Agreement, Amgen agreed not to dispose of any of the shares purchased during the six-month period following the closing date (the "lock-up period") without the prior approval of a majority of the Company's Board of Directors. The Company estimated a premium on the stock sold to Amgen of $0.5 million, which takes into account a discount due to the lack of marketability and the six-month lockup period.

Under the terms of the Amgen Agreement, the Company and Amgen will co-develop a Probody T-cell engaging bi-specific therapeutic targeting EGFR ("EGFR Products"). The Company will be responsible for early-stage development of EGFR Products and all related costs (up to certain pre-set costs and certain limits based on clinical study size). Amgen will be responsible for late-stage

development, commercialization, and all related costs of EGFR Products. Following early-stage development, the Company will have the right to elect to participate financially in the global co-development of EGFR Products with Amgen, during which the Company would bear certain of the worldwide development costs for EGFR Products and Amgen would bear the rest of such costs (the "EGFR Co-Development Option"). If the Company exercises its EGFR Co-Development Option, the Company will share in somewhat less than 50% of the profit and losses from sales of such EGFR Products in the U.S., subject to certain caps, offsets, and deferrals. If the Company chooses not to exercise its EGFR Co-Development Option, the Company will not bear any costs of later stage development. The Company is eligible to receive up to $455.0 million in development, regulatory, and commercial milestone payments for EGFR Products, and royalties in the low- to mid-double digit percentage of worldwide commercial sales, provided that if the Company exercises its EGFR Co-Development option, it shall only receive royalties in the low- to mid-double digit percentage of commercial sales outside of the U.S..

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

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

The Company considered the criteria for combining contracts in ASC 605 and determined that the Amgen Agreement and the Purchase Agreement should be combined into one contract. The Company accounted for the Amgen Agreement based on the fair values of the assets and services exchanged. The Company identified the following significant deliverables at the inception of the Amgen Agreement: (1) the research, development and commercialization license, (2) the research and development services for the EGFR Products and the Amgen Other Product, and (3) the obligation to participate in the joint steering committee ("JSC") and the joint research committee (JRC"). The Company determined that research, development and commercialization license and the participation in the JSC and JRC do not have stand-alone value from the research and development services and therefore those deliverables were combined into one unit of accounting. The Amgen Other Products will be accounted for as a separate unit of accounting from the EGFR Products as each has a standalone value to Amgen.

Concurrent with the execution of the Amgen Agreement, the Company entered into a sublicense agreement whereby the Company granted Amgen a sublicense of its rights to one patent family that is co-owned with UCSB under its existing license agreement entered into in 2010 with UCSB. This sublicense was incremental to the patents, patent applications and knowhow covering T-cell engaging bispecific Probody molecules that is developed and owned by CytomX and licensed to Amgen. Under the existing agreement with UCSB, the Company is obligated to make a royalty payment to UCSB equal to 15% of certain kinds of proceeds from the sublicense of the technology. The Company determined that the calculation of the sublicense fee is not specifically addressed in the sublicense agreement when the Company simultaneously licenses the UCSB technology along with the technology the Company has developed internally. As of September 30,2017, the Company recorded an accrued liability of $1.2 million, which represents the Company's current estimate of the amount to be remitted to UCSB. The Company expects to have a resolution on this estimate in 2017.

The total transaction price of $51.2 million, consisting of the $40.0 million upfront payment, an estimated fair value of $10.7 million for the CytomX Product and $0.5 million of premium on the sale of our equity, was allocated between two units of accounting based on the estimated relative standalone selling price of each unit. To determine the best estimate of selling price, the Company used the discounted cash flow method by calculating risk-adjusted net present values of estimated cash flows. The Company will recognize the allocated amounts ratably over the estimated research service period.

The $10.7 million allocated to the CytomX Product was recorded to research and development expense because it has no alternative future uses, and the $0.5 million premium was recorded to equity, together with the proceeds from the sale of our common stock, which closed in October 2017. The estimated fair value of assets and services received approximates the total fair value of consideration given, resulting in no gain or loss recognized on the transaction.

The Company did not recognize any revenue for the three months ended September 30, 2017 as the research term commenced close to the end of the quarter. As of September 30, 2017, deferred revenue relating to the Amgen Agreement was $51.2 million. The amount due from Amgen under the Amgen Agreement was $40.0 million as of September 30, 2017.

Bristol-Myers Squibb Company

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

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

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

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

The Company identified the following deliverables at the inception of the BMS Agreement: (1) the exclusive research, development and commercialization license, (2) the research and development services and (3) the obligation to participate in the joint research committee. The Company determined that the license does not have stand-alone value to BMS without the Company's research services and expertise related to the development of the product candidates, and accordingly, it was combined with the research services and participation in the joint research committee as a single unit of accounting.

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

In January 2016, BMS selected the third target pursuant to the BMS Agreement. Under the terms of the BMS Agreement, BMS paid the Company a $10.0 million payment. In December 2016, BMS selected the fourth and its final target pursuant to the BMS Agreement. Under the terms of the BMS Agreement, BMS paid the Company a $15.0 million payment. Both payments were recorded as deferred revenue and as a result of the fourth target selection, the performance period has been reduced from ten years to seven years and the deferred revenue is being recognized over this new performance period. In December 2016, BMS selected a clinical candidate pursuant to the BMS Agreement, which triggered a $2.0 million pre-clinical milestone payment to the Company. This milestone payment was recognized as revenue in its entirety upon the selection because the achievement of this milestone was based on the Company's performance.

On March 17, 2017, the Company and BMS entered into Amendment Number 1 to Extend Collaboration and License Agreement (the "Amendment"). The Amendment grants BMS exclusive worldwide rights to develop and commercialize Probody therapeutics for up to six additional oncology targets and two non-oncology targets. The effective date of the Amendment was April 25, 2017 ("Amendment Effective Date").

Under the terms of the Amendment, the Company will continue to collaborate with BMS to discover and conduct preclinical development of Probody therapeutics against targets selected by BMS under the terms of the Amendment.

Pursuant to the Amendment, the financial consideration from BMS was comprised of an upfront payment of $200.0 million and the Company will be eligible to receive up to an aggregate of $3,586.4 million as follows: (i) up to $116.0 million in development milestone payments per target or up to $928 million if the maximum of eight targets are selected for the first product modality; (ii) up to $124.0 million in milestone payments for the first commercial sale in various territories for up to three indications per target program or up to $992.0 million if the maximum of eight targets are selected for the first product modality; (iii) up to $60.0 million in sales milestone payments per target or up to $480.0 million if maximum of eight targets are selected for the first product modality; and (iv) up to $56.3 million in development milestone payments or up to $450.4 million if the maximum of eight targets are selected for the second product modality; (v) up to $62.0 million in milestone payments for the first commercial sale in various territories for up to three indications per target program or up to $496.0 million if the maximum of eight targets are selected for the second product modality; (iii) up to $30.0 million in sales milestone payments per target or up to $240.0 million if maximum of eight targets are selected for the second product modality. The Company is also entitled to tiered mid-single to low double-digit royalties from potential future sales. The Amendment does not change the term of the BMS' royalty obligation under the BMS Agreement. BMS' royalty obligation continues on a licensed product-by licensed-product basis until the later of (i) the expiration of the last claim of the licensed patents covering the licensed products in the country, (ii) the twelfth anniversary of the first commercial sale of a licensed product in a country, or (iii) the expiration of any applicable regulatory, pediatric, orphan drug or data exclusivity with respect to such product.

The Company received an upfront payment from BMS under the Amendment of $200.0 million in May 2017. Upon receipt of the upfront payment from BMS, the Company made a payment of $10.0 million to the Regents of the University of California ("UC"), acting through its Santa Barbara campus, under the terms of our exclusive license agreement with UC. The upfront payment was recorded as deferred revenue and is being recognized on a ratable basis over the estimated performance period of eight years. In addition, the Company concluded the Amendment to be a modification of the BMS Agreement. As a result, the Company is currently recognizing the remaining deferred revenue balance relating to the upfront payment received under the BMS Agreement as of the Amendment Effective Date prospectively over the new estimated performance period of eight years.

The Company determined that the contingent payments under the Amendment relating to development, sales milestone and royalties do not constitute substantive milestones and will not be accounted for under the milestone method of revenue recognition. The events leading to these payments do not meet the definition of a substantive milestone because the achievement of these events solely depends on BMS's performance. Accordingly, any revenue from these contingent payments would be subject to an allocation of arrangement consideration and would be recognized over any remaining period of performance obligations, if any, relating to this arrangement. If there are no remaining performance obligations under the arrangement at the time the contingent payment is triggered, the contingent payment will be recognized as revenue in full upon triggering the event.

The Company recognized revenue of $8.2 million and $1.8 million for the three months ended September 30, 2017 and 2016, respectively, and $18.4 million and $5.3 million for the nine months ended September 30, 2017 and 2016, respectively. As of September 30, 2017 and December 31, 2016, deferred revenue relating to the BMS Agreement was $243.1 million and $60.9 million, respectively. The amount due from BMS under the BMS Agreement was $0.2 million and $2.2 million as of September 30, 2017 and December 31, 2016, respectively.

ImmunoGen, Inc.

In January 2014, the Company and ImmunoGen, Inc. ("ImmunoGen") entered into the Research Collaboration Agreement (the "ImmunoGen Agreement"). The ImmunoGen Agreement provides the Company with the right to use ImmunoGen's Antibody Drug Conjugate ("ADC") technology in combination with the Company's Probody technology to create a PDC directed at one specified target under a research license, and to subsequently obtain an exclusive, worldwide development and commercialization license to use ImmunoGen's ADC technology to develop and commercialize such PDCs. The Company made no upfront cash payment in connection with the execution of the agreement. Instead, the Company provided ImmunoGen with the rights to CytomX's Probody technology to create PDCs directed at two targets under the research license and to subsequently obtain exclusive, worldwide development and commercialization licenses to develop and commercialize such PDCs. ImmunoGen discontinued one of the two programs being developed under the ImmunoGen Agreement in July 2017 and substitution rights for this program terminated in February 2017. The Company recognized the remaining deferred revenue related to the discontinued program upon termination of the program. ImmunoGen continues research work on the second collaboration target.

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

In consideration for the exclusive development and commercialization license that may be obtained by ImmunoGen, the Company is entitled to receive up to $30.0 million in development and regulatory milestone payments per the research program target, up to $50.0 million in sales milestone payments per target and royalties in the mid-single digits on the commercial sales of any resulting product. For the development and commercialization license that may be obtained by the Company, ImmunoGen is entitled to receive up to $60.0 million in development and regulatory milestone payments, up to $100.0 million in sales milestone payments and royalties in the mid to high single digits on the commercial sales of any resulting product. In August 2017, the Company made a milestone payment of $1.0 million to ImmunoGen for the first patient dosing with CX-2009.

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

The estimated total fair value of the consideration of $13.2 million was recorded as deferred revenue, of which $13.0 million, or $6.5 million per target, was allocated to the unit of accounting comprised of the research license, research services, participation in the joint research committee and the development and commercialization license, and $0.2 million was allocated to the future technological improvements. The Company is currently recognizing the $13.0 million upon delivery of the development and commercialization licenses.

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

In February 2017, ImmunoGen exercised its option to obtain a development and commercialization license for one of the two targets under the ImmunoGen Agreement. Revenue for the three months ended September 30, 2017 and 2016 was $0.1 million and $0, respectively. The Company recognized revenue of $6.6 million and $0 million related primarily to the allocated revenue to the exercise of the development and commercialization license for this target for the nine months ended September 30, 2017 and 2016, respectively. As of September 30, 2017 and December 31, 2016, deferred revenue relating to the ImmunoGen Agreement was $6.6 million and $13.2 million, respectively.

MD Anderson

In November 2015, the Company entered into a research collaboration agreement with MD Anderson to research Probody-enabled chimeric antigen receptor killer (CAR-NK) cell therapies, known as ProCAR-NK cell therapies. Under this collaboration, MD Anderson will use the Company's Probody technology to conduct research of ProCAR-NK cell therapies against certain targets selected by the Company in cancer immunotherapy. In October 2017, the Company extended the research term of the agreement. Under the research collaboration agreement, the Company has the right to exercise an option, during the option period expiring on October 23, 2019 and upon payment of an option exercise fee, to negotiate and acquire a worldwide, exclusive, sublicensable license from MD Anderson for development and commercialization of products directed against any of the selected targets. The research collaboration agreement will continue in effect until the earlier of (i) the date that the Company exercises the option to acquire the license from MD Anderson and (ii) the expiration of the option period. The impact of this agreement was not material for the financial statements for the three and nine months ended September 30, 2017 and 2016.

Pfizer Inc.

In May 2013, the Company and Pfizer Inc. ("Pfizer") entered into a Research Collaboration, Option and License Agreement (the "Pfizer Agreement") to collaborate on the discovery and preclinical research activities related to Probody therapeutics, and PDCs for research project targets nominated by Pfizer. Pfizer nominated two research targets in 2013 and, pursuant to the Pfizer Agreement, had the option of nominating two additional research targets. In December 2014, Pfizer selected an additional research target. The option to select a fourth target lapsed in May 2016. Pfizer has discontinued the epidermal growth factor receptor ("EGFR") program and continues research work on two targets.

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

Pursuant to the Pfizer Agreement, the Company received an upfront payment of $6.0 million and is entitled to receive contingent payments of up to an aggregate of $263.5 million as follows: (i) up to $4.5 million upon exercise of the license options, (ii) up to $38.0 million from the achievement of development milestones for the research target programs, (iii) up to $101.0 million in milestone payments for the first commercial sale in various territories for up to three indications per research target program, and (iv) up to $120.0 million in sales milestones payments for the research target programs. The Company is entitled to receive royalties in the mid-single digit royalties from potential future sales of product candidates. The Company will also receive research and development service fees based on a prescribed FTE rate per year that is capped.

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

The upfront payment of $6.0 million was recorded as deferred revenue and is being recognized on a ratable basis over the estimated performance period of seven years. In December 2014, Pfizer selected an additional target and paid $1.5 million, which was recorded as deferred revenue and is being recognized over the remaining performance period. Following the lapse of the Pfizer's option to select a fourth target in May 2016, the amortization period of deferred revenue was adjusted to five and a half years.

The Company recognized revenue of $0.5 million and $0.6 million for the three months ended September 30, 2017 and 2016, respectively and $1.4 million and $1.6 million for the nine months ended September 30, 2017 and 2016, respectively. As of September 30, 2017 and December 31, 2016, deferred revenue relating to the Pfizer Agreement was $2.1 million and $3.4 million, respectively. The amount due from Pfizer under the Agreement was $0.1 million and $0.1 million as of September 30, 2017 and December 31, 2016, respectively.

9. License Agreement

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

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

The Company incurred expenses of $1.7 million and $0 million for the three months ended September 30, 2017 and 2016, respectively and $12.0 million and $1.1 million for the nine months ended September 30, 2017 and 2016, respectively, to the UC Regents under the provisions of the UC Agreement. See Note 8 under Amgen for a discussion of the $1.2 million estimated sublicense fee payable to the UC Regents.

Royalty obligations

The Company has annual minimum royalty obligations of $150,000 under the terms of certain exclusive licensed patent rights.

10. Commitments and Contingencies

Operating Lease

Facility Leases

On December 10, 2015, the Company entered into a lease (the "Lease") with HCP Oyster Point III LLC (the "Landlord") to lease approximately 76,173 rentable square feet of office and laboratory space located in South San Francisco, California for the Company's corporate headquarters. The Company previously leased office and laboratory space located in South San Francisco, California, pursuant to a lease dated March 29, 2013, which expired pursuant to a lease termination agreement ("Lease Termination") entered into in March 2016. The Lease Termination provided for an early termination of the prior lease and was effective on November 30, 2016. The Company was not required to pay the landlord a termination payment in connection with the early termination of the lease.

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

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

In addition, the Company obtained a standby letter of credit (the "Letter of Credit") in an amount of approximately $0.9 million, which may be drawn by the Landlord to be applied for certain purposes upon the Company's breach of any provisions under the Lease. The Company has recorded the $0.9 million Letter of Credit in restricted cash as a non-current asset on its balance sheet at September 30, 2017 and December 31, 2016.

Rent expense is recognized on a straight-line basis over the term of the lease and accordingly the Company records the difference between cash rent payments and the recognition of rent expense as a deferred rent liability.

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

Year Ending December 31:		
2017 (three months remaining)	$	1,173
2018		4,723
2019		4,855
2020		4,990
2021 and beyond		31,511
Total	$	47,252

Rent expense was $1.1 million and $0.3 million for the three months ended September 30, 2017 and 2016, respectively, and $3.2 million and $0.5 million for the nine months ended September 30, 2017 and 2016, respectively. The amount for the nine months ended September 30, 2016 included a one-time adjustment of $0.2 million to deferred rent pursuant to the termination of the Company's previous lease for former office and laboratory space.

Legal Proceedings

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

Indemnifications

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

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

11. Common Stock

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

Common stockholders are entitled to dividends if and when declared by the Board of Directors subject to the prior rights of the preferred stockholders. As of September 30, 2017 and December 31, 2016, no dividends on common stock had been declared by the Board of Directors.

The Company had reserved shares of common stock for issuance as follows:

	September 30, 2017	December 31, 2016
Options issued and outstanding	6,603,015	6,158,746
Shares available for future stock option grants	2,551,424	2,493,188
Shares reserved under the ESPP	1,005,095	683,234
	10,159,534	9,335,168

12. Stock Option Plans

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

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

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

The initial number of shares of common stock available for future issuance under the 2015 Plan was 2,444,735. Beginning on January 1, 2016 and continuing until the expiration of the 2015 Plan, the total number of shares of common stock available for issuance under the 2015 Plan will automatically increase annually on January 1 by 4% of the total number of issued and outstanding shares of common stock as of January 1 of the same year. As of September 30, 2017, 2,551,424 shares of common stock were available for future issuance under the 2015 Plan.

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

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

	Options Outstanding	
	Number of Options	Weighted-Average Exercise Price Per Share
Balances at December 31, 2016	6,158,746	$ 5.939
Options granted	1,786,420	12.414
Options exercised	(562,253)	4.168
Option forfeited/expired	(779,898)	9.028
Balances at September 30, 2017	6,603,015	$ 7.477
Options exercisable at September 30, 2017	3,627,011	$ 5.119

13. Employee Stock Purchase Plan

Concurrent with the completion of the IPO in October 2015, the Company's Employee Stock Purchase Plan ("ESPP") became effective. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to any plan limitations. The ESPP generally provides for six-month offering periods, and at the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's common stock on the first trading day of the offering period or on the last trading day of the offering period. 43,040 shares were issued under the ESPP during the nine months ended September 30, 2017.

Shares available for future purchase under the ESPP were 1,005,095 at September 30, 2017. The compensation expense related to the ESPP was $76,000 and $61,000 for the three months ended September 30, 2017 and 2016, respectively, and $207,000 and $82,000 for the nine months ended September 30, 2017 and 2016, respectively. As of September 30, 2017, there was $51,000 of unrecognized compensation cost related to the ESPP, which we expect to recognize over 2 months.

14. Stock Based Compensation

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Stock-based compensation expense:				
Research and development	$ 1,267	$ 1,315	$ 3,813	$ 3,844
General and administrative	1,514	1,405	4,724	3,788
Total stock-based compensation expense	$ 2,781	$ 2,720	$ 8,537	$ 7,632

15. Related Party Transactions

Certain employees of Third Rock Ventures, a stockholder of the Company, provide consulting services to the Company. General and administrative expense for these services of $10,000 and $12,000 were recorded for the three months ended September 30, 2017 and 2016, respectively, and $28,000 and $36,000 were recorded for the nine months ended September 30, 2017 and 2016, respectively. The amounts outstanding and included in accounts payable were $10,000 and $12,000 as of September 30, 2017 and December 31, 2016, respectively.

Revenues from related party refer to the collaboration agreement with Pfizer, one of the Company's stockholders. The Company recognized revenue of $0.5 million and $0.6 million for the three months ended September 30, 2017 and 2016, respectively, and $1.4 million and $1.6 million for the nine months ended September 30, 2017 and 2016, respectively (Note 8). As of September 30, 2017 and December 31, 2016, deferred revenue relating to the Pfizer Agreement was $2.1 million and $3.4 million, respectively. The amount due from Pfizer under the agreement was $68,000 and $0.1 million as of September 30, 2017 and December 31, 2016, respectively.

16. Employee Benefit Plans

Defined Contribution Plan

The Company sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code covering substantially all full-time U.S. employees. Employee contributions are voluntary and are determined on an individual basis subject to the maximum allowable under federal tax regulations. The Company made contributions to the plan of $27,000 and $15,000 for the three months ended September 30, 2017 and 2016, respectively, and $229,000 and $187,000 for the nine months ended September 30, 2017 and 2016, respectively.

17. Net Loss Per Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Options to purchase common stock	6,713,038	6,155,800	6,976,470	6,082,572
Total	6,713,038	6,155,800	6,976,470	6,082,572

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

You should read the following management's discussion and analysis of our financial condition and results of operations in conjunction with our unaudited condensed financial statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q and with our audited financial statements and notes thereto for the year ended December 31, 2016, included in our Annual Report on Form 10-K, as filed with the U.S. Securities and Exchange Commission ("SEC") on March 2, 2017.

Overview

We are a clinical-stage, oncology-focused biopharmaceutical company pioneering a novel class of investigational antibody therapeutics based on our Probody technology platform. We use our platform to create proprietary cancer immunotherapies against clinically-validated targets, such as PD-L1, and develop first-in-class cancer therapeutics against difficult-to-drug targets, such as CD166. Probody therapeutics are designed to take advantage of unique conditions in the tumor microenvironment to enhance the tumor-targeting features of an antibody and reduce drug activity in healthy tissues. Our two lead programs, CX-072, a wholly-owned PD-L1-targeting Probody therapeutic and CX-2009, a first-in-class Probody drug conjugate targeting the highly expressed tumor antigen, CD166, are both currently being evaluated in Phase 1/2 studies. In addition, both CX-072 and CX-2009 are part of PROCLAIM (Probody Clinical Assessment in Man) ("PROCLAIM"), an international umbrella clinical trial program that provides clinical trial sites with access to our novel therapies under one central protocol. In October 2016, we initiated IND-enabling studies of CX-188, our wholly-owned PD-1-targeting Probody therapeutic and anticipate filing an IND in the second half of 2018. In addition to our proprietary programs, we are collaborating with strategic partners, including AbbVie Ireland Unlimited Company ("AbbVie"), Amgen Inc. ("Amgen"), Bristol-Myers Squibb Company ("BMS"), ImmunoGen, Inc. ("ImmunoGen"), MD Anderson Cancer Center ("MD Anderson") and Pfizer Inc. ("Pfizer"). The two most advanced programs from our collaborations are a Probody therapeutic directed against CTLA-4, the target of the BMS immune checkpoint inhibitor, Yervoy and CX-2029, a CD71 directed Probody Drug Conjugate being advanced with AbbVie. BMS anticipates initiating a clinical trial of the CTLA-4-directed Probody therapeutic by early 2018. We have initiated IND-enabling studies for CX-2029 and an IND filing is anticipated in the first half of 2018. We are also advancing an EGFR targeting Probody T-Cell bispecific with Amgen.

We currently have two product candidates in clinical trials but we do not have any product candidates approved for sale, and we continue to incur significant research and development and general administrative expenses related to our operations. We are not profitable and have incurred losses in each year since our founding in 2008. Our net loss was $10.2 million for the three months ended September 30, 2017 and $43.7 million for the nine months ended September 30, 2017. As of September 30, 2017, we had an accumulated deficit of $220.1 million. We expect to continue to incur significant losses for the foreseeable future.

Critical Accounting Policies and Estimates

The preparation of our Condensed Financial Statements requires us to make estimates and judgments that affect the reported amounts in the financial statements and related disclosures. On an ongoing basis, management evaluates its significant accounting policies and estimates. We base our estimates on historical experience and on various market-specific and other relevant assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ significantly from these estimates. Estimates are assessed each period and updated to reflect current information. A summary of our critical accounting policies and estimates is presented in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2016. There have been no material changes to our critical accounting policies and estimates during the nine months ended September 30, 2017.

Components of Results of Operations

Revenue

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

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

Research and Development Expenses

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

We expect our research and development expenses to increase substantially in absolute dollars in the future as we advance our product candidates into and through clinical trials and pursue regulatory approval of our product candidates, and expand the breadth of our clinical stage pipeline. For example, we received clearance from the FDA for our IND for CX-072 in December 2016 and treated our first patient in our Phase 1/2 clinical trial in January 2017. We also received clearance from the FDA for our IND for CX-2009 in May 2017 and treated our first patient in our Phase 1/2 clinical trial in June 2017. In addition, we have initiated IND-enabling studies for both CX-188 and CX-2029. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming. The actual probability of success for our product candidates may be affected by a variety of factors including: the safety and efficacy of our product candidates, early clinical data, investment in our clinical program, the ability of collaborators to successfully develop our licensed product candidates, competition, manufacturing capability and commercial viability. We may never succeed in achieving regulatory approval for any of our product candidates. As a result of the uncertainties discussed above, we are unable to determine the duration and completion costs of our research and development projects or when and to what extent we will generate revenue from the commercialization and sale of our product candidates.

General and Administrative Expenses

General and administrative expenses include personnel costs, expenses for outside professional services and other allocated expenses. Personnel costs consist of salaries, bonuses, benefits and stock-based compensation. Outside professional services consist of legal, accounting and audit services and other consulting fees. Allocated expenses consist of rent expense related to our office and research and development facility. We expect to incur additional expenses as a result of operating as a public company, including expenses related to compliance with the rules and regulations of the SEC, and those of any national securities exchange on which our securities are traded, additional insurance expenses, investor relations activities and other administrative and professional services. We also expect to increase our administrative headcount to operate as a public company and as we advance our product candidates through clinical development, which will also increase our general and administrative expenses.

Interest Income, net

Interest income primarily consists of interest income from our cash equivalents and short-term investments and interest costs related to amortization of premiums on our short-term investments.

Other Income (Expense), net

Other income (expense), net consists primarily of gain and losses related to changes in currency exchange rates.

Results of Operations

For the Three and Nine Months Ended September 30, 2017 and 2016.

Revenues

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
	(in thousands)			(in thousands)		
Total revenues	$ 24,144	$ 3,454	$ 20,690	$ 44,550	$ 8,771	$ 35,779

Revenue increased $20.7 million during the three months ended September 30, 2017 compared to the corresponding period in 2016. The increase in revenue was primarily due to recognition of $14.0 million, net of the associated license fees, from the milestone payment we received from AbbVie as a result of the Company achieving certain milestones required to be met to begin GLP toxicology studies under the CD71 Agreement, an increase of $6.3 million related to the recognition of the an upfront payment we received from BMS in connection with the expansion of our collaboration pursuant to an amendment of our Collaboration and License Agreement that we entered into in March 2017 (the "BMS Amendment"), an increase of $0.5 million related to the recognition of an upfront payment we received pursuant to the Development and Licensing Agreement and Discovery Collaboration and Licensing Agreement we entered into with AbbVie in April 2016 (collectively the "AbbVie Agreements") resulting from the selection of a second target in October 2016, and an increase of $0.4 million in recognized revenue related to payments made by BMS in connection with the selection of its fourth target under our Collaboration and License Agreement entered into in 2014 (the "BMS Agreement"), which increases were partially offset by a $0.2 million of amortization of deferred research and development costs related to the AbbVie Agreements and a decrease in service revenue of $0.2 million resulting from decreased activities on the BMS and Pfizer programs.

Revenue increased $35.8 million during the nine months ended September 30, 2017 compared to the corresponding period in 2016. The increase in revenue was primarily due to the recognition of $14.0 million, net of the associated license fees, from the milestone payment we received from AbbVie as a result of the Company achieving certain milestones required to be met to begin GLP toxicology studies under the CD71 Agreement, an increase of $6.5 million in recognized revenue triggered by our delivery of a Development and Commercialization License to ImmunoGen in connection with our collaboration agreement with ImmunoGen, which we entered into in January 2014, an increase of $10.8 million related to the recognition of an upfront payment we received from BMS in connection with the expansion of our collaboration, an increase of $2.3 million related to the recognition of the upfront payment we received pursuant to the AbbVie Agreements, an increase of $1.4 million related to the recognition of payments made by BMS in connection with the selection of its fourth target under our Collaboration and License Agreement, and an increase of $0.7 million in recognized revenue due to the acceleration of the research timeline triggered by BMS's selection of fourth target under the BMS Agreement.

Operating Costs and Expenses

Research and Development Expenses

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
	(in thousands)			(in thousands)		
Research and development expenses	$ 28,920	$ 13,337	$ 15,583	$ 71,573	$ 39,407	$ 32,166

Research and development expenses increased $15.6 million during the three months ended September 30, 2017 compared to the corresponding period in 2016. The increase was attributable to $10.7 million of IPR&D expense recognized as a result of the Amgen Agreement and a $1.2 million sublicense fee payable to UCSB as a result of the Amgen agreement, an increase of $1.7 million in pharmacology studies and clinical trial expenses resulting from the advancement of CX-072, CX-2009 and CX-2029 in 2017, an increase of $0.9 million in allocations resulting from increases in facilities-related expenses, an increase of $0.4 million in consulting and contracted services due primarily to regulatory filings and an increase of $0.4 million in personnel-related expense resulting from an increase in headcount.

Research and development expenses increased $32.2 million during the nine months ended September 30, 2017 compared to the corresponding period in 2016. The increase was attributable to $10.7 million of IPR&D expense recognized as a result of the Amgen Agreement and a $1.2 million sublicense fee payable to UCSB as a result of the Amgen agreement, a $10.0 million sublicense payment made to UCSB which was triggered by the $200.0 million upfront payment made by BMS in connection with our expanded collaboration, an increase of $6.3 million to advance CX-072, CX-2009 and CX-2029 into Phase 1/2 clinical development, an increase

of $2.7 million in facilities-related expenses incurred during the period, an increase of $2.3 million in personnel-related expenses due to an increase in headcount, an increase of $0.6 million in expenses related to acquisitions with respect to our patent portfolios and an increase of $0.4 million in consulting fees, which expenses were partially offset by a decrease of $3.0 million in manufacturing expenses for our CX-072 and CX-2009 programs.

General and Administrative Expenses

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
	(in thousands)			(in thousands)		
General and administrative expenses	$ 6,249	$ 5,033	$ 1,216	$ 17,989	$ 14,720	$ 3,269

General and administrative expenses increased $1.2 million during the three months ended September 30, 2017 compared to the corresponding period in 2016. The increase was attributable to an increase of $0.3 million in personnel-related expenses due to an increase in headcount, an increase of $0.3 million in legal expenses and an increase of $0.4 million in consulting and public relations expenses.

General and administrative expenses increased $3.3 million during the nine months ended September 30, 2017 compared to the corresponding period in 2016. The increase was attributable to an increase of $2.1 million in personnel-related expense due to an increase in headcount, an increase of $0.4 million in severance expense, an increase of $0.3 million in facilities-related expenses and an increase of $0.3 million in repairs and maintenance and general expenses.

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
	(in thousands)			(in thousands)		
Interest income, net	$ 806	$ 210	$ 596	$ 1,400	$ 542	$ 858
Other income (expense), net	(47)	45	(92)	(101)	(46)	(55)
Total Interest and other income	$ 759	$ 255	$ 504	$ 1,299	$ 496	$ 803

Interest Income, net

Interest income, net increased $0.6 million during the three months ended September 30, 2017 compared to the corresponding period in 2016. Interest income, net increased $0.9 million during the nine months ended September 30, 2017 compared to the corresponding period in 2016. The increases for both the three months and the nine months ended September 30, 2017 were primarily attributable to lower amortization of premiums on our short-term investments.

Liquidity and Capital Expenditures

Sources of Liquidity

As of September 30, 2017, we had cash, cash equivalents and short-term investments of $331.3 million and an accumulated deficit of $220.1 million, compared to cash and cash equivalents of $181.9 million and an accumulated deficit of $176.4 million as of December 31, 2016. To date, we have financed our operations primarily through sales of our common stock in conjunction with the IPO, sales of our convertible preferred securities prior to our IPO and payments received under our collaboration agreements.

Based upon our current operating plan, we expect our existing capital resources will be sufficient to fund our operations into 2020. However, if the anticipated operating results are not achieved in future periods, our planned expenditures may need to be reduced in order to extend the time period over which the then-available resources would be able to fund the operations. The amounts and timing of our actual expenditures depend on numerous factors, including the progress of our preclinical development efforts, the results of any clinical trials and other studies, our operating costs and expenditures and other factors describe under the caption “Risk Factors” in this Quarterly Report on Form 10-Q. The cost and timing of developing our products, including CX-072, CX-2009, CX-2029 and CX-188 are highly uncertain, are subject to substantial risks and many changes. As such, we may alter our expenditures as a result of contingencies such as the failure of one or both of these product candidates in clinical development, acceleration of one or both of these product candidates in clinical development, the identification of a more promising product candidate in our research efforts or unexpected operating costs and expenditures. We will need to raise additional funds in the future. There can be no assurance, however, that such efforts will be successful or that, in the event that they are successful, the terms and conditions of such financing will be favorable to us.

Cash Flows

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

	Nine Months Ended September 30,	
	2017	**2016**
	(in thousands)	
Net cash provided by operating activities	$ 148,371	$ (3,968)
Net cash provided by investing activities	28,492	3,409
Net cash provided by financing activities	2,717	495
Net increase in cash and cash equivalents	$ 179,580	$ (64)

Cash Flows from Operating Activities

During the nine months ended September 30, 2017, cash provided by operating activities was $148.4 million, which consisted of a net loss of $43.7 million, adjusted by non-cash charges of $20.9 million and a net increase of $171.2 million in our net operating assets. The non-cash charges primarily consisted of $8.5 million in stock-based compensation, $10.7 million in non-cash acquisition of in-process research and development expense, $1.2 million in depreciation and amortization and $0.4 million in amortization premiums on our short-term investments. The change in our net operating assets and liabilities was primarily attributable to an increase of $169.6 million in deferred revenue, which was primarily due to a $200.0 million upfront payment from BMS in connection with the BMS Amendment entered into in March 2017, partially offset by the recognition of upfront fees of $23.9 million under certain of our collaboration agreements and $6.5 million in recognized revenue from our delivery of a Development and Commercialization License to ImmunoGen in connection with our collaboration agreement; an increase in accrued liabilities of $4.1 million due primarily to the accrual of the $1.2 million of sublicense fee payable to UCSB, $2.2 million increase in clinical expense accrual, and $1.2 million increase in long-term accrued liabilities resulting from deferred rent recorded on the new headquarter office; and an increase of $2.1 million in accounts receivable. These increases were partially offset by an increase of $1.0 million in prepaid expenses and other current assets, and a decrease of $3.5 million in accounts payable.

During the nine months ended September 30, 2016, cash used in operating activities was $4.0 million, which consisted of a net loss of $44.9 million, adjusted by non-cash charges of $10.1 million and a net increase of $30.8 million in our net operating assets. The non-cash charges primarily consisted of $7.5 million in stock-based compensation, $1.2 million in depreciation and amortization and $1.3 million in amortization premiums on our short-term investments. The change in our net operating assets and liabilities was primarily attributable to an increase of $32.4 million in deferred revenue, which was primarily due to a $30.0 million upfront payment from AbbVie in connection with AbbVie Agreements and a $10.0 million milestone payment from BMS in connection with its selection of a third target and an increase of $4.1 million in accrued liabilities. Such increase was partially offset by a decrease of $4.1 million in accounts payable and $2.1 million in prepaid expenses and other current assets.

Cash Flows from Investing Activities

During the nine months ended September 30, 2017, cash provided by investing activities was $28.5 million, which consisted of $84.0 million in proceeds received upon the maturity of marketable securities. Such increase was partially offset by $54.2 million used in the purchase of short-term investments and $1.3 million of capital expenditures used to purchase property and equipment.

During the nine months ended September 30, 2016, cash provided by investing activities was $3.4 million, which consisted of $126.5 million in proceeds received upon the maturity of marketable securities, offset by $121.5 million used in the purchase of short-term and long-term investments and $1.6 million of capital expenditures used to purchase property and equipment.

Cash Flows from Financing Activities

During the nine months ended September 30, 2017, cash provided by financing activities consisted of proceeds from the exercise of stock options.

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

Contractual Obligations

The following table summarizes our contractual obligations as of September 30, 2017 (in thousands):

	Payments Due by Period(1)					
	2017 (2)	2018	2019	2020	2021 +	Total
Operating leases(3)	$ 1,173	$ 4,723	$ 4,855	$ 4,990	$ 31,511	$ 47,252
Total contractual obligations	$ 1,173	$ 4,723	$ 4,855	$ 4,990	$ 31,511	$ 47,252

(1) This table does not include any milestone payments or royalty payments to third parties as the amounts, timing and likelihood of such payments are not known.

(2) Remainder of the year

(3) We lease our current facility under a long-term operating lease, which expires in 2026.

We enter into agreements in the normal course of business with contract research organizations for clinical trials and with vendors for pre-clinical studies and other services and products for operating purposes, which are cancelable at any time by us, generally upon 30 to 60 days of prior written notice. These payments are not included in the above table of contractual obligations. The above table also excludes unrecognized tax benefits of $1.2 million as of December 31, 2016 because these uncertain tax positions, if recognized, would be an adjustment to our deferred tax assets.

Segment Information

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

Off-Balance Sheet Arrangements

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

JOBS Act Accounting Election

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We do intend to rely on other exemptions provided by the JOBS Act, including, without limitation, providing an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act. We will remain an emerging growth company until the earlier of (1) December 31, 2020, (2) the last day of the fiscal year (a) in which we have total annual gross revenue of at least $1.07 billion, or (b) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of the prior June 30th, and (3) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily relate to interest rate risks. We had cash, cash equivalents and short-term investments of $331.3 million and $181.9 million as of September 30, 2017 and December 31, 2016, respectively, which consists of bank deposits, money market funds and U.S. government bonds. Such interest-bearing instruments carry a degree of interest rate risk; however, historical fluctuations of interest income have not been significant.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate exposure. We have not historically been exposed to material risks due to changes in interest rates. Due to the short-

term duration of our investment portfolio and low risk profile of our investments, an immediate 100 basis point increase in interest rates would not have material effect on the fair value of our portfolio.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2017, the end of the period covered by this Quarterly Report on Form 10-Q. Management's assessment of internal control over financial reporting was conducted using the criteria defined in the *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of such date.

Changes in Internal Controls Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

Risks Related to Our Business

We are a clinical-stage biopharmaceutical company with a history of losses, expect to continue to incur significant losses for the foreseeable future and may never achieve or maintain profitability, which could result in a decline in the market value of our common stock.

We are a clinical-stage biopharmaceutical company with a limited operating history, developing a novel class of therapeutic antibody product candidates, based on our proprietary biologic Probody technology platform. Since our inception, we have devoted our resources to the development of Probody therapeutics. We have had significant operating losses since our inception. As of September 30, 2017, we had an accumulated deficit of $220.1 million. For the three and nine months ended September 30, 2017, our net loss was $10.2 million and $43.7 million, respectively. Substantially all of our losses have resulted from expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. Though we have developed our Probody platform, our technologies and product candidates are in early stages of development, and we are subject to the risks of failure inherent in the development of product candidates based on novel technologies. We have never generated any revenue from product sales, and have not obtained regulatory approval for any of our product candidates.

Furthermore, we do not expect to generate any revenue from product sales for the foreseeable future, and we expect to continue to incur significant operating losses for the foreseeable future due to the cost of research and development, preclinical studies and clinical trials and the regulatory approval process for our product candidates. We expect our net losses to increase substantially as we continue clinical development of our lead programs and advance additional programs into clinical development. However, the amount of our future losses is uncertain. Our ability to achieve profitability, if ever, will depend on, among other things, our, or our existing or future collaborators, successfully developing product candidates, obtaining regulatory approvals to market and commercialize product candidates, manufacturing any approved products on commercially reasonable terms, establishing a sales and marketing organization or suitable third-party alternatives for any approved product and raising sufficient funds to finance business activities. If we, or our existing or future collaborators, are unable to develop our technologies and commercialize one or more of our product candidates or if sales revenue from any product candidate that receives approval is insufficient, we will not achieve profitability, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

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

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

As of September 30, 2017, we had $331.3 million in cash, cash equivalents and investments. Based on our current operating plan, we expect our existing capital resources will be sufficient to fund our operations into 2020. Our future capital requirements and the period for which we expect our existing resources to support our operations may vary significantly from what we expect. Our monthly spending levels vary based on new and ongoing research and development and other corporate activities. Because the length of time and activities associated with successful research and development of our product candidates is highly uncertain, we are unable to estimate the actual funds we will require for development and any approved marketing and commercialization activities.

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

- the timing and progress of preclinical and clinical development activities;
- the number, size and type of preclinical studies and clinical trials that we may be required to complete for our product candidates, as well as the cost and time of such studies and trials;
- the number and scope of preclinical and clinical programs we decide to pursue;
- the time and cost necessary to produce clinical supplies of our product candidates;
- the progress of the development efforts of parties with whom we have entered or may in the future enter into collaborations and research and development agreements;
- the timing and amount of milestone payments we may receive under our collaborations agreements;
- our ability to maintain our current licenses and research and development programs and to establish new collaboration arrangements;
- the costs involved in prosecuting and enforcing patent and other intellectual property claims;
- the cost and timing of regulatory approvals; and
- our efforts to enhance operational systems and hire additional personnel, including personnel to support development of our product candidates and satisfy our obligations as a public company.

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

Our product candidates are in early stages of development and only two have entered into testing in human subjects to date. Our product candidates may fail in development or suffer delays that materially and adversely affect their commercial viability.

We have no products on the market and only two of our product candidates are in clinical stages of development. Our ability to achieve and sustain profitability depends on obtaining regulatory approvals for and successfully commercializing our product candidates, either alone or with third parties. Before obtaining regulatory approval for the commercial distribution of our product candidates, we or an existing or future collaborator must conduct extensive preclinical tests and clinical trials to demonstrate the safety and efficacy in humans of our product candidates.

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

- negative or inconclusive results from our clinical trials, the clinical trials of our collaborators or the clinical trials of others for product candidates similar to ours, leading to a decision or requirement to conduct additional preclinical testing or clinical trials or abandon a program;
- product-related side effects experienced by participants in our clinical trials, the clinical trials of our collaborators or by individuals using drugs or therapeutic biologics similar to our product candidates;
- delays in submitting INDs or comparable foreign applications or delays or failure in obtaining the necessary approvals from regulators to commence a clinical trial, or a suspension or termination of a clinical trial once commenced;
- conditions imposed by the United States Food and Drug Administration ("FDA") or comparable foreign authorities regarding the scope or design of our clinical trials;
- delays in enrolling research subjects in clinical trials;
- high drop-out rates of research subjects;
- inadequate supply or quality of product candidate components or materials or other supplies necessary for the conduct of our clinical trials or the clinical trials of our collaborators;
- greater than anticipated clinical trial costs;
- poor effectiveness of our product candidates during clinical trials;
- unfavorable FDA or other regulatory agency inspection and review of a clinical trial site;
- failure of our third-party contractors or investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner, or at all;
- delays and changes in regulatory requirements, policy and guidelines, including the imposition of additional regulatory oversight around clinical testing generally or with respect to our technology in particular; or
- varying interpretations of data by the FDA and similar foreign regulatory agencies.

In addition, our current and future clinical trials will need to demonstrate sufficient safety and efficacy for approval by regulatory authorities in larger patient populations. Our Phase 1/2 clinical trial of CX-072 was initiated in January 2017 and was the first time CX-072 had been administered to cancer patients. It is possible that patients enrolled in our Phase 1/2 clinical trial of CX-072 or any future clinical trials we commence for other product candidates could respond in unexpected ways. For instance, our Phase 1/2 clinical trial is being conducted in patients with advanced cancers, including metastatic or locally advanced unresectable solid tumors or lymphomas, who have failed other approved therapies for their disease, and as such, it may be difficult to establish safety and efficacy in this type of patient population. In addition, certain arms of our clinical trial of CX-072 enroll patients with tumor types that are not known to be responsive to PD-L1 agents and therefore may be less likely to show effectiveness. Because certain PD-1 and PD-L1 agents are already approved for the treatment of some tumor types, we cannot test CX-072 on those tumor types and will not be able to obtain clinical information about how CX-072 acts in these tumors. Furthermore, a portion of our Phase 1/2 clinical trial includes the administration of CX-072 in combination with Yervoy® (ipilimumab) or Zelboraf®(vemurafenib), which could exacerbate immune system related adverse events, cause increased toxicity or otherwise lead to unexpected adverse events.

We treated the first patient in our Phase 1/2 clinical trial of CX-2009 in June 2017. CX-2009 targets CD-166, an antigen that has not been targeted previously in human beings. The effects in human beings of targeting CD-166, a target that is broadly expressed on normal tissue, are not known and could create unacceptable toxicity or fail to result in anti-tumor activity. We could find that targeting CD-166 is not efficacious.

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

- the FDA or other regulatory authorities requiring us to submit additional data or imposing other requirements before permitting us to initiate a clinical trial;
- obtaining regulatory clearance to commence a clinical trial;
- reaching agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and clinical trial sites;
- obtaining institutional review board ("IRB") approval at each clinical trial site;
- recruiting suitable patients to participate in a clinical trial;
- developing and validating the companion diagnostic to be used in a clinical trial;
- having patients complete a clinical trial or return for post-treatment follow-up;

- clinical trial sites deviating from trial protocol or dropping out of a trial;
- adding new clinical trial sites; or
- manufacturing sufficient quantities of our product candidates for use in clinical trials.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new drugs or therapeutic biologics that may be approved for the indications we are investigating. For example, CX-072 is directed against PD-L1 and there are currently hundreds of clinical studies exploring the use of PD-1 and PD-L1 agents. As such, there can be no assurance that patients will choose to enroll in our studies. In addition, many oncologists and their patients may choose to use an approved PD-1 or PD-L1 agent rather than participate in a clinical trial, particularly now as more global approvals for PD-1 and /or PD-L1 agents are continuing to be achieved in a growing list of cancer types. Furthermore, the part of our Phase 1/2 clinical trial of CX-072 in which patients are treated with the combination of CX-072 and vemurafenib can only enroll those patients who do not have access to MEK inhibitors because the emerging standard of care in jurisdictions where MEK inhibitors are available is to combine a PD-1 or PD-L1 agent with a BRAF inhibitor (like vemurafenib) and a MEK inhibitor. This may have an impact on enrollment in this part of the trial. In addition, our Phase 1/2 clinical trial of CX-2009 studies patients who have one of seven specific tumor types rather than patients suffering from any cancer, which may limit the rate of enrollment of the trial. As with the clinical studies of CX-072, our Phase 1/2 clinical trial of CX-2009 is also competing with hundreds of clinical studies with alternative anti-cancer drugs in a similar class (e.g. antibody drug conjugates). Any delays relating to patient enrollment could cause significant delays in the timing of our clinical trials.

We could also encounter delays in the development of any of our product candidates if prescribing physicians encounter unresolved ethical issues associated with enrolling patients in clinical trials of our product candidates in lieu of prescribing existing treatments that have established safety and efficacy profiles. Further, a clinical trial may be suspended or terminated by us, our collaborators, the IRBs of the institutions in which such trials are being conducted, the Data Safety Monitoring Board for such trial or by the FDA or other regulatory authorities due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug or therapeutic biologic, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. Furthermore, we expect to rely on our collaborators, contract research organizations ("CROs") and clinical trial sites to ensure proper and timely conduct of our clinical trials and while we expect to enter into agreements governing their committed activities, we have limited influence over their actual performance.

If we experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. In addition, any delays in completing our clinical trials will increase our costs, slow down our product development and approval process and jeopardize our ability to commence product sales and generate revenues. Any of these occurrences may materially and adversely affect our business, financial condition, results of operations and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

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

We plan to develop a pipeline of product candidates using our proprietary Probody platform. We believe that product candidates (including cancer immunotherapies, Probody Drug Conjugates ("PDCs") and bispecific antibodies) identified with our product discovery platform may offer an improved therapeutic approach by taking advantage of unique conditions in the tumor microenvironment, thereby reducing the dose-limiting toxic effects associated with traditional antibody products, which can also attack healthy tissue. However, the scientific research that forms the basis of our efforts to develop product candidates based on our Probody platform is ongoing. Further, the scientific evidence to support the feasibility of developing therapeutic treatments based on our Probody platform is both preliminary and limited.

We may ultimately discover that our Probody platform and any product candidates resulting from it do not possess certain properties required for therapeutic effectiveness or protection from toxicity. For example, when administered in a human, protease levels in the tumor may not be sufficient and the peptide mask may not be cleaved, which would limit the potential efficacy of the antibody and reduce the potential to limit the toxicity of the anti-cancer agent. In addition, if the peptide mask is inappropriately released, for example, due to an inflammatory disease, it may result in unforeseen events when administered in humans. Furthermore, Probody product candidates may also be unable to remain stable in the human body for the period of time required for the drug to reach the target tissue or they may trigger immune responses that inhibit the ability of the product candidate to reach the target tissue or that cause adverse side effects in humans. We currently have only limited data, and no conclusive evidence, to suggest that we can introduce these necessary properties into our Probody platform and any product candidates. We may spend substantial funds attempting to introduce these properties and may never succeed in doing so. In addition, product candidates based on our Probody platform may demonstrate different chemical and pharmacological properties in patients than they do in laboratory studies. Although our Probody platform and certain product candidates have demonstrated successful results in animal studies, they may not demonstrate the same chemical and pharmacological properties in humans and may interact with human biological systems in unforeseen, ineffective or harmful ways. Problems that are specific to our Probody platform may have an unfavorable impact on all of our product candidates. As a result, we may never succeed in developing a marketable product and we may never become profitable, which would cause the value of our common stock to decline.

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

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

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

- the timing of our receipt of any marketing and commercialization approvals;
- the terms of any approvals and the countries in which approvals are obtained;
- the safety and efficacy of our product candidates;
- the prevalence and severity of any adverse side effects associated with our product candidates;
- limitations or warnings contained in any labeling approved by the FDA or other regulatory authority;
- relative convenience and ease of administration of our product candidates;
- the willingness of patients to accept any new methods of administration;
- the success of our physician education programs;
- the availability of adequate government and third-party payor reimbursement;

- the pricing of our products, particularly as compared to alternative treatments; and
- the availability of alternative effective treatments for the disease indications our product candidates are intended to treat and the relative risks, benefits and costs of those treatments.

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

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

Since 2013, we have entered into collaborations with Pfizer, BMS, ImmunoGen, AbbVie and Amgen to develop certain Probody therapeutics. We may in the future seek third-party collaborators for development and commercialization of other therapeutic technologies or product candidates. Biopharmaceutical companies are our prior and likely future collaborators for any marketing, distribution, development, licensing or broader collaboration arrangements. With respect to our existing collaboration agreements, and what we expect will be the case with any future collaboration agreements, we have and would expect to have limited control over whether such collaborations pursue the development of our product candidates or the amount and timing of resources that such collaborators dedicate to the development or commercialization of our product candidates. For instance, Pfizer allowed its option to select a fourth target pursuant to our collaboration agreement lapse in May 2016, discontinued its epidermal growth factor receptor probody drug conjugate (“EGFR-PDC”) program and has not yet advanced any program to clinical candidate stage. As a result, the development and potential commercialization of any product candidates for the targets covered by our collaboration agreement with Pfizer could be delayed. In July 2017, ImmunoGen discontinued the preclinical evaluation of one of its two programs being developed under our collaboration. Further, our ability to generate revenues from these arrangements will depend on our collaborators’ abilities to successfully perform the functions assigned to them in these arrangements.

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

- collaborators have significant discretion in determining the amount and timing of efforts and resources that they will apply to these collaborations;
- collaborators may not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on preclinical or clinical trial results, changes in the collaborators’ strategic focus or available funding or resources, or external factors such as an acquisition that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing and are not necessarily required to give us information about their clinical data;
- collaborators may independently develop, or develop with third parties, products that compete directly or indirectly with our product candidate if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- collaborators with marketing and distribution rights to one or more products may not commit sufficient resources to the marketing and distribution of such product or products;
- collaborators may not properly maintain or defend our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to litigation or potential liability;
- collaborators may infringe the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development or commercialization of our product candidate or that result in costly litigation or arbitration that diverts management attention and resources; and
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates.

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

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

Substantially all of our revenue to date has been derived from our existing collaboration agreements, including, most recently, the Collaboration and License Agreement that we entered into with Amgen in September 2017, and a significant portion of our future revenue and cash resources is expected to be derived from these agreements or other similar agreements we may enter into in the future. Revenue from research and development collaborations depend upon continuation of the collaborations, reimbursement of development costs, the achievement of milestones and royalties, if any, derived from future products developed from our research. If we are unable to successfully advance the development of our product candidates or achieve milestones, revenue and cash resources from milestone payments under our collaboration agreements will be substantially less than expected.

In addition, to the extent that any of our existing or future collaborators were to terminate a collaboration agreement or to forego the selection of target product candidates (as Pfizer has done with respect to its fourth target), we may decide, in some cases, to independently develop these product candidates, including funding preclinical or clinical trials, assuming marketing and distribution costs and defending intellectual property rights, or, in certain instances, to abandon product candidates altogether, any of which could result in a change to our business plan and have a material adverse effect on our business, financial condition, results of operations and prospects. If a collaboration is terminated, we would not be eligible to receive the milestone, royalty or other payments that would have been payable under the collaboration agreement.

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

Since commencing operations, we have entered into several collaboration agreements, including, most recently, the Collaboration and License Agreement that we entered into with Amgen in September 2017. From time to time, we may consider strategic transactions, such as additional collaborations, acquisitions of companies, asset purchases and out- or in-licensing of product candidates or technologies. In particular, we will evaluate and, if strategically attractive, seek to enter into additional collaborations, including with major biotechnology or biopharmaceutical companies. The competition for collaborators is intense, and the negotiation process is time-consuming and complex. Any new collaboration may be on terms that are not optimal for us, and we may not be able to maintain any new collaboration if, for example, development or approval of a product candidate is delayed, sales of an approved product candidate do not meet expectations or the collaborator terminates the collaboration. Any such collaboration, or other strategic transaction, may require us to incur non-recurring or other charges, increase our near- and long-term expenditures and pose significant integration or implementation challenges or disrupt our management or business. These transactions would entail numerous operational and financial risks, including exposure to unknown liabilities, disruption of our business and diversion of our management's time and attention in order to manage a collaboration or develop acquired products, product candidates or technologies, incurrence of substantial debt or dilutive issuances of equity securities to pay transaction consideration or costs, higher than expected collaboration, acquisition or integration costs, write-downs of assets or goodwill or impairment charges, increased amortization expenses, difficulty and cost in facilitating the collaboration or combining the operations and personnel of any acquired business, impairment of relationships with key suppliers, manufacturers or customers of any acquired business due to changes in management and ownership and the inability to retain key employees of any acquired business. Accordingly, although there can be no assurance that we will undertake or successfully complete any transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks and have a material and adverse effect on our business, financial condition, results of operations and prospects. The termination by a collaborator of a collaboration may cause a decrease in the price of our stock. Conversely, any failure to enter any additional collaboration or other strategic transaction that would be beneficial to us could delay the development and potential commercialization of our product candidates and have a negative impact on the competitiveness of any product candidate that reaches market.

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

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

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

Because we rely on third-party manufacturing and supply partners, our supply of research and development, preclinical and clinical development materials may become limited or interrupted or may not be of satisfactory quantity or quality.

We rely on third-party contract manufacturers to manufacture our preclinical and clinical trial product supplies. We do not own manufacturing facilities for producing such supplies and we do not currently have an alternative to any of our third-party contract manufacturers. There can be no assurance that our preclinical and clinical development product supplies will not be limited, interrupted, or of satisfactory quality or continue to be available at acceptable prices. In particular, any replacement of any of our third-party contract manufacturers could require significant effort and expertise because there may be a limited number of qualified replacements. In addition, we may encounter issues with transferring technology to a new third-party manufacturer, and we may encounter regulatory delays if we need to move the manufacturing of our products from one third-party manufacturer to another.

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

We expect to continue to rely on third-party manufacturers if we receive regulatory approval for any product candidate. To the extent that we have existing, or enter into future, manufacturing arrangements with third parties, we will depend on these third parties to perform their obligations in a timely manner consistent with contractual and regulatory requirements, including those related to quality control and assurance. If we are unable to obtain or maintain third-party manufacturing for product candidates, or to do so on commercially reasonable terms, we may not be able to develop and commercialize our product candidates successfully. We may find that our third party manufacturer is unable to scale up the process in order to produce commercial quantities of our products. Our or a third party's failure to execute on our manufacturing requirements and comply with cGMPs could adversely affect our business in a number of ways, including:

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

The supply chain for the manufacturing of our product candidates is complicated and can involve many parties. This is especially the case for CX-2009 and CX-2029, our lead clinical candidate under our CD71 collaboration with AbbVie Inc.. If we were to experience any supply chain issues, our product supply could be seriously disrupted. In addition, we expect to the logistical challenges associated with our supply chain to grow more complex as additional product candidates, such as CX-2029, commence any clinical trials.

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

It may prove more challenging than we anticipate to manufacture products that incorporate our technology. In order to conduct clinical trials of our product candidates, including our Phase 1/2 clinical trials for CX-072 and CX-2009, we will need to manufacture them in large quantities. We, or any manufacturing partners, may be unable to successfully increase the manufacturing capacity for any of our product candidates in a timely or cost-effective manner, or at all, although to date we have been able to successfully manufacture clinical quantities of CX-072 and CX-2009. In particular, we are dependent on ImmunoGen under our collaboration for certain steps in the manufacturing of clinical quantities of CX-2009. However, contract manufacturing is not ImmunoGen's primary business and ImmunoGen may not have sufficient resources to commit to manufacturing for third parties. In addition, quality issues may arise during scale-up activities. If we, or any manufacturing partners, are unable to successfully scale up the manufacture of our product candidates in sufficient quality and quantity, the development, testing, and clinical trials of that product candidate may be delayed or infeasible, and regulatory approval or commercial launch of any resulting product may be delayed or not obtained, which could significantly harm our business.

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

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

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

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

Because we have limited financial and managerial resources, we focus on specific product candidates, including CX-072, CX-2009 and CX-2029. As a result, we may forgo or delay pursuit of opportunities with other product candidates that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable product candidates. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

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

The development and commercialization of drugs and therapeutic biologics is highly competitive. We compete with a variety of multinational biopharmaceutical companies and specialized biotechnology companies, as well as technology being developed at universities and other research institutions. Our competitors have developed, are developing or will develop product candidates and processes competitive with our product candidates. Competitive therapeutic treatments include those that have already been approved and accepted by the medical community and any new treatments that enter the market. We believe that a significant number of products are currently under development, and may become commercially available in the future, for the treatment of conditions for which we may try to develop product candidates. There is intense and rapidly evolving competition in the biotechnology, biopharmaceutical and antibody and immunoregulatory therapeutics fields. We believe that while our Probody platform, its associated intellectual property and our scientific and technical know-how give us a competitive advantage in this space, competition from many sources remains. Our competitors include larger and better funded biopharmaceutical, biotechnological and therapeutics companies. Moreover, we also compete with current and future therapeutics developed at universities and other research institutions.

We are aware of several companies that are developing cancer immunotherapies and ADCs, including certain companies that are exploring antibody masking and/or conditional activation strategies including Akriveia, Amunix, BioAtla, Halozyme, Maverick Therapeutics and Revitope. These companies may be well-capitalized and may have significant clinical experience. In addition, these companies may include our existing or future collaborators. In addition, these companies compete with us in recruiting scientific and managerial talent.

Our success will partially depend on our ability to develop and protect therapeutics that are safer and more effective than competing products. Our commercial opportunity and success will be reduced or eliminated if competing products that are safer, more effective, or less expensive than the therapeutics we develop.

If our lead product candidates, CX-072 and CX-2009, are approved, they will compete with a range of therapeutic treatments that are either in development or currently marketed. Indeed, a variety of oncology drugs and therapeutic biologics are on the market or in clinical development. Such marketed therapies range from ADCs such as Genentech, Inc.'s Kadcyla, immune checkpoint inhibitors such as BMS's Opdivo and T-cell engager immunotherapies such as Amgen, Inc.'s BLINCYTO. The market for immunotherapies like CX-072 is, in particular, highly competitive and the field is changing quickly, causing a product to lose its differentiation before it even reaches the market. In addition, numerous compounds are in clinical development for cancer treatment. The clinical development pipeline for cancer includes small molecules, antibodies and therapies from a variety of groups.

We face substantial competition from biotechnology and biopharmaceutical companies developing products in immuno-oncology, including AstraZeneca PLC, BMS, GlaxoSmithKline plc, Merck & Co., Inc. Novartis AG, Pfizer, Roche Holding Ltd., Sanofi SA, BeiGene, TESARO, Inc., and numerous small companies.

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

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

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

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

We will need to grow our organization substantially to continue development and pursue the potential commercialization of CX-072, CX-2009, CX-2029, CX-188 and our other product candidates, as well as function as a public company. We have conducted limited product development to date and have not begun clinical trials for any of our product candidates, other than CX-072 and CX-2009. As our product candidates enter and advance through preclinical studies and any clinical trials, we will need to expand our development, regulatory and manufacturing capabilities or contract with other organizations to provide these capabilities for us. In the future, we expect to have to manage additional relationships with collaborators or partners, suppliers and other organizations. In particular, if the third-parties on which we currently rely are not capable of delivering services or supplies in a manner that is sufficient to meet our requirements as we expand our operations, we could be required to contract with new third parties and there can be no assurances that the services or supplies of such third parties will be available on commercially reasonable terms, or at all. Furthermore, our ability to manage our operations and future growth will require us to continue to improve our operational, financial and management controls, reporting systems and procedures. We may not be able to implement improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls.

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

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

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

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

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

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

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

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

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

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

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

Despite the implementation of security measures, our internal computer systems and those of our CROs and other contractors and consultants we may utilize, may be vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Such events could cause interruptions of our operations. For instance, the loss of preclinical data or data from any current or future clinical trial involving our product candidates could result in delays in our development and regulatory filing efforts and significantly increase our costs. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data, or inappropriate disclosure of confidential or proprietary information, we could incur liability, recovery of our data could take a prolonged period of time, and the development of our product candidates could be delayed.

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

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

Our information technology systems could face serious disruptions that could adversely affect our business.

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

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

Our current operations are located in our facilities in South San Francisco, California. Any unplanned event, such as flood, fire, explosion, earthquake, extreme weather condition, medical epidemics, power shortage, telecommunication failure or other natural or manmade accidents or incidents that result in us being unable to fully utilize our facilities, or the manufacturing facilities of our third-party contract manufacturers, may have a material and adverse effect on our ability to operate our business, particularly on a daily basis, and have significant negative consequences on our financial and operating conditions. Loss of access to these facilities may result in increased costs, delays in the development of our product candidates or interruption of our business operations. Earthquakes or other natural disasters could further disrupt our operations, and have a material and adverse effect on our business, financial condition, results of operations and prospects. If a natural disaster, power outage or other event occurred that prevented us from using all or a significant portion of our headquarters, that damaged critical infrastructure, such as our research facilities or the manufacturing facilities of our third-party contract manufacturers, or that otherwise disrupted operations, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The disaster recovery and business continuity plans we have in place may prove inadequate in the event of a serious disaster or similar event. We may incur substantial expenses as a result of the limited nature of our disaster recovery and business continuity plans, which, could have a material and adverse effect on our business. As part of our risk management policy, we maintain insurance coverage at levels that we believe are appropriate for our business. However, in the event of an accident or incident at these facilities, we cannot assure you that the amounts of insurance will be sufficient to satisfy any damages and losses. If our facilities, or the manufacturing facilities of our third-party contract manufacturers, are unable to operate because of an accident or incident or for any other reason, even for a short period of time, any or all of our research and development programs may be harmed. Any business interruption may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our Reported Financial Results May be Adversely Affected by Changes in Accounting Principles Generally Accepted in the U.S.

We prepare our financial statements in conformity with accounting principles generally accepted in the U.S. These accounting principles are subject to interpretation by the Financial Accounting Standards Board ("FASB") and the Securities and Exchange Commission. A change in these policies or interpretations could have a significant effect on our reported financial results, may retroactively affect previously reported results, could cause unexpected financial reporting fluctuations, and may require us to make costly changes to our operational processes and accounting systems. In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in the U.S. GAAP when it becomes effective. The new standard will be effective for our fiscal year 2018 with early adoption permitted for our fiscal year 2017. Although we are currently in the process of evaluating the impact of ASU 2014-09 on our financial statements, it could change the way we account for certain of our sales transactions. Thus, adoption of the standard could have a significant impact on our financial statements and may retroactively affect the accounting treatment of transactions completed before adoption. See "Note 3 – Summary of Significant Accounting Policies" for additional discussion of the accounting changes.

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

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "IRC"), if a corporation undergoes an "ownership change" (generally defined as a greater than 50 percentage points change (by value) in the ownership of its equity over a rolling three-year period), the corporation's ability to use its pre-change net operating loss carryforwards and certain other pre-change tax attributes to offset its post-change income and taxes may be limited. California has similar rules. We have performed an IRC Section 382 analysis and determined there was an ownership change in 2015. As a result, the federal and state carryforwards associated with the net operating loss and credit deferred tax assets were reduced by the amount of tax attributes estimated to expire during their respective carryforward periods. We may experience ownership changes in the future as a result of shifts in our stock ownership, some of which are outside our control. As of December 31, 2016, we had federal and state net operating loss carryforwards of approximately $71.5 million and $14.3 million, respectively, and our ability to utilize those net operating loss carryforwards could be limited by an "ownership change" as described above, which could result in increased tax liability to our company.

Risks Related to Intellectual Property

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

Our success depends in part on our ability to obtain and maintain patents and other forms of intellectual property rights, including in-licenses of intellectual property rights of others, for our product candidates, methods used to manufacture our product candidates and methods for treating patients using our product candidates, as well as our ability to preserve our trade secrets, to prevent third parties from infringing upon our proprietary rights and to operate without infringing upon the proprietary rights of others. As of October 15, 2017, we solely own 50 patents and 167 pending patent applications; we co-own one pending patent application with Bristol-Myers Squibb Company, and we co-own six patents and six pending patent applications with UC, acting through its Santa Barbara Campus and two patent and one pending patent application with UC, acting through its San Francisco Campus; and, under an exclusive, worldwide license agreement with UC, acting through its Santa Barbara Campus (the "UC Agreement"), we have licensed eighteen patents and six pending patent applications that cover compositions and methods related to the screening and identification of the masks and protease-cleavable linkers that we incorporate into our Probody candidates. We also exclusively licensed UCSB's rights in the co-owned patent family. We may not be able to apply for patents on certain aspects of our product candidates in a timely fashion or at all. Our existing issued and granted patents and any future patents we obtain may not be sufficiently broad to prevent others from using our technology or from developing competing products and technology. There is no guarantee that any of our pending patent applications will result in issued or granted patents, that any of our issued or granted patents will not later be found to be invalid or unenforceable or that any issued or granted patents will include claims that are sufficiently broad to cover our product candidates or to provide meaningful protection from our competitors. Moreover, the patent position of biotechnology and biopharmaceutical companies can be highly uncertain because it involves complex legal and factual questions. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our current and future proprietary technology and product candidates are covered by valid and enforceable patents or are effectively maintained as trade secrets. If third parties disclose or misappropriate our proprietary rights, it may materially and adversely affect our position in the market.

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

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

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

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

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

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

As the field of antibody and immunoregulatory therapeutics matures, patent applications are being processed by national patent offices around the world. There is uncertainty about which patents will issue, and, if they do, as to when, to whom, and with what claims. In addition, third parties may attempt to invalidate our intellectual property rights. Even if our rights are not directly challenged, disputes could lead to the weakening of our intellectual property rights. Our defense against any attempt by third parties to circumvent or invalidate our intellectual property rights could be costly to us, could require significant time and attention of our management and could have a material and adverse effect on our business, financial condition, results of operations and prospects or our ability to successfully compete.

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

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

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

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

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

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

We or our licensors, or any future strategic partners may be subject to third-party claims for infringement or misappropriation of patent or other proprietary rights. We are generally obligated under our license or collaboration agreements to indemnify and hold harmless our licensors or collaborators for damages arising from intellectual property infringement by us. If we or our licensors, or any future strategic partners are found to infringe a third-party patent or other intellectual property rights, we could be required to pay damages, potentially including treble damages, if we are found to have willfully infringed. In addition, we or our licensors, or any future strategic partners may choose to seek, or be required to seek, a license from a third party, which may not be available on acceptable terms, if at all. Even if a license can be obtained on acceptable terms, the rights may be non-exclusive, which could give our competitors access to the same technology or intellectual property rights licensed to us. If we fail to obtain a required license, we or our existing or future collaborators may be unable to effectively market product candidates based on our technology, which could limit our ability to generate revenue or achieve profitability and possibly prevent us from generating revenue sufficient to sustain our operations. In addition, we may find it necessary to pursue claims or initiate lawsuits to protect or enforce our patent or other intellectual property rights. The cost to us in defending or initiating any litigation or other proceeding relating to patent or other proprietary rights, even if resolved in our favor, could be substantial, and litigation would divert our management's attention. Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could delay our research and development efforts and limit our ability to continue our operations.

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

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

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

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

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

Litigation or other legal proceedings relating to intellectual property claims, with or without merit, is unpredictable and generally expensive and time consuming and is likely to divert significant resources from our core business, including distracting our technical and management personnel from their normal responsibilities. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities.

We may not have sufficient financial or other resources to adequately conduct such litigation or proceedings. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating or from successfully challenging our intellectual property rights. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material and adverse effect on our ability to compete in the marketplace.

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

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

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

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

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

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

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

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

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

Risks Related to Government Regulation

Clinical development involves a lengthy and expensive process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.

Our product candidates in clinical development or preclinical development have a high risk of failure. We commenced enrollment of our Phase 1/2 clinical trial of CX-072, our candidate directed against PD-L1, for cancer and treated our first patient in January 2017. We commenced a Phase 1/2 clinical trial of CX-2009, our PDC candidate directed against CD-166, for cancer in June 2017. It is impossible to predict when or if any of our product candidates will prove effective and safe in humans or will receive regulatory approval. Before obtaining marketing approval from regulatory authorities for the sale of any product candidate, we must complete preclinical studies and then conduct extensive clinical trials to demonstrate the safety and efficacy of our product candidates in humans. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the development process. The results of preclinical studies and early clinical trials of our product candidates may not be predictive of the results of later-stage clinical trials. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits despite having progressed through preclinical studies and initial clinical trials. A number of companies in the biopharmaceutical industry have suffered significant setbacks in advanced clinical trials due to lack of efficacy or safety profiles, notwithstanding promising results in earlier trials.

Commencement of clinical trials for programs beyond CX-072 and CX-2009 is subject to finalizing the trial design and filing an IND or similar filing with the FDA or similar foreign regulatory authority. However, even after we file our IND or comparable submissions in other jurisdictions, the FDA or other regulatory authorities could disagree that we have satisfied their requirements to commence our clinical trials or disagree with our study design, which may require us to complete additional preclinical studies or amend our protocols or impose stricter conditions on the commencement of clinical trials and may delay our ability to begin Phase 1 clinical trials, causing an increase in the amount of time and expense required to develop our product candidates.

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

Our product candidates are subject to extensive governmental regulations relating to, among other things, research, testing, development, manufacturing, safety, efficacy, approval, recordkeeping, reporting, labeling, storage, packaging, advertising and promotion, pricing, marketing and distribution of drugs and therapeutic biologics. Rigorous preclinical testing and clinical trials and an extensive regulatory approval process are required to be successfully completed in the U.S. and in many foreign jurisdictions before a new drug or therapeutic biologic can be marketed. Satisfaction of these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. It is possible that none of the product candidates we may develop will obtain the regulatory approvals necessary for us or our existing or future collaborators to begin selling them.

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

Because the product candidates we are developing may represent a new class of therapeutic biologics, the FDA and its foreign counterparts have not yet established any definitive policies, practices or guidelines in relation to these product candidates. While we believe the product candidates that we are currently developing are regulated as therapeutic biologics that are subject to requirements for review and approval of a BLA by the FDA's Center for Drug Evaluation and Research ("CDER"), the FDA could decide to regulate them as drugs that are subject to requirements for review and approval of an NDA by CDER or as biological products that are subject to requirements for review and approval of a BLA by the FDA's Center for Biologics Evaluation and Research ("CBER"). The lack of policies, practices or guidelines may hinder or slow review by the FDA of any regulatory filings that we may submit. Moreover, the FDA may respond to these submissions by defining requirements we may not have anticipated. Such responses could lead to significant delays in the clinical development of our product candidates. In addition, because there may be approved treatments for some of the diseases for which we may seek approval, in order to receive regulatory approval, we may need to demonstrate through clinical trials that the product candidates we develop to treat these diseases, if any, are not only safe and effective, but safer or more effective than existing products. Furthermore, in recent years, there has been increased public and political pressure on the FDA with respect to the approval process for new drugs and therapeutic biologics, and the FDA's standards, especially regarding product safety, appear to have become more stringent.

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

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

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

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

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

The FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. For example, in December 2016, the 21st Century Cures Act, or "Cures Act", was signed into law. The Cures Act, among other things, is intended to modernize the regulation of drugs and biologics and to spur innovation, but its ultimate implementation is unclear. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability, which would adversely affect our business.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. For example, certain policies of the Trump administration may impact our business and industry. Namely, the Trump administration has taken several executive actions, including the issuance of a number of Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. Notably, on January 30, 2017, President Trump issued an Executive Order, applicable to all executive agencies, including the FDA, that requires that for each notice of proposed rulemaking or final regulation to be issued in fiscal year 2017, the agency shall identify at least two existing regulations to be repealed, unless prohibited by law. These requirements are referred to as the "two-for-one" provisions. This Executive Order includes a budget neutrality provision that requires the total incremental cost of all new regulations in the 2017 fiscal year, including repealed regulations, to be no greater than zero, except in limited circumstances. For fiscal years 2018 and beyond, the Executive Order requires agencies to identify regulations to offset any incremental cost of a new regulation and approximate the total costs or savings associated with each new regulation or repealed regulation. In guidance issued by the Office of Information and Regulatory Affairs within OMB on April 5, 2017, the administration indicates that the "two-for-one" provisions may apply not only to agency regulations, but also to significant agency guidance documents. Moreover, on February 24, 2017, President Trump issued an Executive Order requiring each agency to designate a regulatory reform officer and create a regulatory reform task force to evaluate existing regulations and make recommendations regarding their repeal, replacement, or modification, and on September 8, 2017, the FDA published notices in the Federal Register soliciting broad public comment to identify regulations that could be modified in compliance with these Executive Orders. It is difficult to predict how these requirements will be implemented, and the extent to which they will impact the FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

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

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

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. The new Presidential Administration and U.S. Congress will likely continue to seek to modify, repeal, or otherwise invalidate all, or certain provisions of, the ACA. It is uncertain the extent to which any such changes may impact our business or financial condition.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted to reduce healthcare expenditures. Additionally, U.S. federal government agencies currently face potentially significant spending reductions, which may further impact healthcare expenditures. The Budget Control Act of 2011, among other things, included aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2025 unless additional Congressional action is taken. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers, including hospitals, imaging centers and cancer treatment centers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. If federal spending is further reduced, anticipated budgetary shortfalls may also impact the ability of relevant agencies, such as the FDA or the National Institutes of Health to continue to function at current levels. Amounts allocated to federal grants and contracts may be reduced or eliminated. These reductions may also impact the ability of relevant agencies to timely review and approve research and development, manufacturing, and marketing activities, which may delay our ability to develop, market and sell any products we may develop.

Moreover, payment methodologies, including payment for companion diagnostics, may be subject to changes in healthcare legislation and regulatory initiatives. For example, the Centers for Medicare & Medicaid Services ("CMS") has begun bundling the Medicare payments for certain laboratory tests ordered while a patient received services in a hospital outpatient setting and, beginning in 2018, CMS will pay for clinical laboratory services based on a weighted average of reported prices that private payors, Medicare Advantage plans, and Medicaid Managed Care plans pay for laboratory services. In addition, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed bills designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. For example, the 21st Century Cures Act changed the reimbursement methodology for infusion drugs and biologics furnished through durable medical equipment in an attempt to remedy over- and underpayment of certain products. Individual states in the United States have also become increasingly aggressive in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or companion diagnostics or additional pricing pressures.

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

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

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

Ensuring that our future business arrangements with third-parties comply with applicable healthcare laws and regulations could involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any such requirements, we may be subject to penalties, including civil or criminal penalties, monetary damages, the curtailment or restructuring of our operations, loss of eligibility to obtain approvals from the FDA, or exclusion from participation in government contracting, healthcare reimbursement or other government programs, including Medicare and Medicaid, any of which could adversely our financial results. Although effective compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, these risks cannot be entirely eliminated. Any action against us for an alleged or suspected violation could cause us to incur significant legal expenses and could divert our management's attention from the operation of our business, even if our defense is successful. In addition, achieving and sustaining compliance with applicable laws and regulations may be costly to us in terms of money, time and resources.

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

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

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

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

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

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

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

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

Undesirable side effects caused by our product candidates could cause regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or other regulatory authorities. There may be side effects associated with the use of our product candidates, including CX-072 and CX-2009, and we expect to receive safety data regarding CX-072 and CX-2009 in 2018. Results of our trials could reveal a high and unacceptable severity and prevalence of these or other side effects. In such an event, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our product candidates for any or all targeted indications. Such side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may materially and adversely affect our business, financial condition, results of operations and prospects. Further, clinical trials by their nature utilize a sample of the potential patient population. With a limited number of patients and limited duration of exposure, rare and severe side effects of our product candidates may only be uncovered with a significantly larger number of patients exposed to the product candidate.

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

- regulatory authorities may withdraw their approval of the product or seize the product;
- we may be required to recall the product or change the way the product is administered to patients;
- additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof;

- we may be subject to fines, injunctions or the imposition of civil or criminal penalties;
- regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;
- we may be required to create a Medication Guide outlining the risks of such side effects for distribution to patients;
- we could be sued and held liable for harm caused to patients;
- the product may become less competitive; and
- our reputation may suffer.

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

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

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

A Fast Track Designation by the FDA for any of our product candidates may not actually lead to a faster development or regulatory review or approval process.

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

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

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

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

Risks Related to Ownership of Our Common Stock

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

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

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

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

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

Our stock price is volatile. From October 8, 2015, the first day of trading our common stock, through November 3, 2017, our stock had high and low sales prices in the range of $24.68 and $9.01 per share. The market price for our common stock may be influenced by many factors, including the other risks described in this section titled “Risk Factors” and the following:

- results of preclinical and clinical studies of our product candidates, or those of our competitors or our existing or future collaborators;
- regulatory or legal developments in the U.S. and other countries, especially changes in laws or regulations applicable to our products;
- the success of competitive products or technologies;
- introductions and announcements of new products by us, our future commercialization partners, or our competitors, and the timing of these introductions or announcements;
- actions taken by regulatory agencies with respect to our products, clinical studies, manufacturing process or sales and marketing terms;

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

In addition, the stock markets in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme volatility that has been often unrelated to the operating performance of the issuer. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our operating performance.

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

We may choose to raise additional capital in the future, depending on market conditions, strategic considerations and operational requirements. To the extent that additional capital is raised through the issuance of shares or other securities convertible into shares, our stockholders will be diluted. Future issuances of our common stock or other equity securities, or the perception that such sales may occur, could adversely affect the trading price of our common stock and impair our ability to raise capital through future offerings of shares or equity securities. No prediction can be made as to the effect, if any, that future sales of common stock or the availability of common stock for future sales will have on the trading price of our common stock.

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

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

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

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

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

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

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

As of September 30, 2017, our executive officers, directors, holders of 5% or more of our capital stock based on publicly available filings made with the SEC and their respective affiliates beneficially owned approximately 40% of our outstanding common stock. Therefore, these stockholders have the ability to influence us through this ownership position. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that our stockholders may feel are in their best interest.

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

We are an "emerging growth company" as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"), (2) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years following the consummation of the IPO, although circumstances could cause us to lose that status earlier, including if we are deemed to be a "large accelerated filer," which occurs when the market value of our common stock that is held by non-affiliates exceeds $700 million as of the prior June 30, or if we have total annual gross revenue of $1.07 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31, or if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time, in which case we would no longer be an emerging growth company immediately. Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company" which would allow us to take advantage of many of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our share price may be more volatile.

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

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may delay or prevent an acquisition of us or a change in our management. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. These provisions include:

- a prohibition on actions by our stockholders by written consent;
- a requirement that special meetings of stockholders, which our company is not obligated to call more than once per calendar year, be called only by the chairman of our board of directors, our chief executive officer, our board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors, or, subject to certain conditions, by our secretary at the request of the stockholders holding of record, in the aggregate, shares entitled to cast not less than ten percent of the votes at a meeting of the stockholders (assuming all shares entitled to vote at such meeting were present and voted);
- advance notice requirements for election to our board of directors and for proposing matters that can be acted upon at stockholder meetings;
- division of our board of directors into three classes, serving staggered terms of three years each; and
- the authority of the board of directors to issue preferred stock with such terms as the board of directors may determine.

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

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

As a public company, and particularly after we are no longer an emerging growth company, we incur significant legal, accounting and other expenses. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The NASDAQ Global Select Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our board of directors. However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

We are required to comply with the Sarbanes-Oxley Act and the related rules and regulations of the SEC, including the requirements that we maintain disclosure controls and procedures and adequate internal control over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. Nevertheless, in order to maintain our compliance with the Sarbanes-Oxley Act, we will need to continue to dedicate internal resources, engage outside consultants to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate-through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404 of the Sarbanes-Oxley Act. If we identify one or more material weaknesses, it could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, if we are not able to continue to meet these requirements, we may not be able to remain listed on The NASDAQ Global Select Market.

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

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

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

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

This risk is especially relevant to us because biopharmaceutical and biotechnology companies have experienced significant stock price volatility in recent years. When the market price of a stock has been volatile as our stock price may be, holders of that stock have occasionally brought securities class action litigation against the company that issued the stock. If any of our stockholders were to bring a lawsuit of this type against us, even if the lawsuit is without merit, we could incur substantial costs defending the lawsuit. The lawsuit could also divert the time and attention of our management.

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

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

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

Recent Sales of Unregistered Equity Securities

None that were not previously disclosed in our Current Reports on Form 8-K.

Use of Proceeds

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

Repurchases of Shares or of Company Equity Securities

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

None

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Amended and Restated Certificate of Incorporation.	8-K	10/19/2015	3.1	
3.2	Amended and Restated Bylaws.	8-K	10/19/2015	3.2	
4.1	Reference is made to Exhibits 3.1 through 3.2.				
4.2	Specimen Common Stock Certificate	S-1/A	9/28/2015	4.1	
4.3	Amended and Restated Investors' Rights Agreement dated as of June 12, 2015, by and among CytomX Therapeutics, Inc. and the investors named therein.	S-1	8/28/2015	4.2	
4.4	Registration Rights Agreement dated as of September 29, 2017 by and between CytomX Therapeutics, Inc. and Amgen, Inc.				X
10.1†	Collaboration and License Agreement by and between CytomX Therapeutics, Inc. and Amgen, Inc. dated as of September 29, 2017				X
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).				X
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).				X
32.1*	Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350).				X
32.2*	Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350).				X
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment filed separately with the Securities and Exchange Commission.

* The certifications attached as Exhibit 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the SEC and are not to be incorporated by reference into any filing of CytomX Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

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

CytomX Therapeutics, Inc.

Date: November 7, 2017

By: /s/ Sean A. McCarthy

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

Date: November 7, 2017

By: /s/ Debanjan Ray

Debanjan Ray
Chief Financial Officer
(principal financial officer and principal accounting officer)

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of September 29, 2017, by and between CytomX Therapeutics, Inc., a Delaware corporation (the "Company"), and Amgen Inc., a Delaware corporation (the "Holder").

This Agreement is made pursuant to the Share Purchase Agreement, dated as of September 29, 2017, between the Company and the Holder (the "Purchase Agreement"), which provides for the issuance and sale by the Company to the Holder, and the purchase by the Holder, of shares (the "Shares") of the Company's common stock, par value $0.00001 per share (the "Common Stock").

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Holder agree as follows:

1. **Definitions.** Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the respective meanings set forth in this Section 1:

"Advice" has the meaning set forth in Section 7(d).

"Affiliate" means (i) any Person that directly or indirectly beneficially owns a majority of the voting securities of or voting interests in the Holder or (ii) any direct or indirect majority owned subsidiaries of the Holder or of such Person.

"Agreement" has the meaning set forth in the Preamble to this Agreement.

"Commission" means the Securities and Exchange Commission.

"Common Stock" has the meaning set forth in the Preamble to this Agreement.

"Company" has the meaning set forth in the Preamble to this Agreement.

"Disposition" or "Dispose of" means any (i) offer, pledge (other than pledges in connection with bona fide debt financing transactions involving a general lien on assets of the Holder), sale, contract to sell, sale of any option or contract to purchase, purchase of any option or contract to sell, grant of any option, right or warrant for the sale of, or other disposition of or transfer of Shares, including, without limitation, any "short sale" or similar arrangement, or (ii) swap, hedge, derivative instrument, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Shares, whether any such swap or transaction is to be settled by delivery of securities, in cash or otherwise.

"Effectiveness Date" means: (a) with respect to the Registration Statement required pursuant to Section 2(a) hereof, the 60th day following the Initial Filing Date (or the 90th day following the Initial Filing Date in the event such Registration Statement is reviewed by the Commission (but in any event, no later than the fifth business day following the date on which the Commission indicates that it has no further comments on such registration statement)), and (b) with respect to any Registration Statement that may be required pursuant to Section 2(b) hereof, the 90th day following the date on which the Company first knows that such additional Registration Statement is required under such Section (or the 120th day following the date on which the Company first knows that such additional Registration Statement is required in the event the additional Registration Statement is reviewed by the Commission (but in any event, no later than the fifth business day following the date on which the Commission indicates that it has no further comments on such registration statement)). If an Effectiveness Date falls on a Saturday, Sunday or other date that the Commission is closed for business, the Effectiveness Date shall be extended to the next day on which the Commission is open for business.

"Effectiveness Period" has the meaning set forth in Section 2(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fundamental Change Event" means the Company has after the date of this Agreement entered into a definitive written agreement providing for (i) an acquisition of a majority of the outstanding voting securities of the Company by any person or group, or (ii) a tender or exchange offer, merger or other business combination (provided that, in the case of any transaction covered by the foregoing clause (ii), immediately following such transaction, a person or group will beneficially own at least a majority of the outstanding voting power of the Company or the surviving parent entity following such transaction).

"Holder" means Amgen Inc.

"Indemnified Party" has the meaning set forth in Section 5(c).

"Indemnifying Party" has the meaning set forth in Section 5(c).

"Initial Filing Date" has the meaning set forth in Section 2(a).

"Lock-Up Period" has the meaning set forth in Section 6(a).

"Losses" has the meaning set forth in Section 5(a).

"Permitted Transferee" means a controlled Affiliate of the Holder that is wholly owned, directly or indirectly, by the Holder; it being understood that for purposes of this definition "wholly owned" shall mean an Affiliate in which the Holder owns, directly or indirectly, at least ninety-nine percent (99%) of the outstanding capital stock or ownership interests of such Affiliate; provided, however, that no such Person shall be deemed a Permitted Transferee for any purpose under Section 6 of this Agreement unless: (a) the Holder shall have, within five days prior to such transfer, furnished to the Company written notice of the name and address of such Permitted

Transferee, details of its status as a Permitted Transferee and details of the Shares to be transferred, (b) the Permitted Transferee, prior to or simultaneously with such transfer, shall have agreed in writing to be subject to and bound by all restrictions and obligations set forth in this Agreement as though it were the Holder hereunder, and (c) the Holder acknowledges that it continues to be bound by all restrictions and obligations set forth in this Agreement.

"Person" means any individual, partnership, firm, corporation, association, trust, unincorporated organization, government or any department or agency thereof or other entity, as well as any syndicate or group that would be deemed to be a Person under Section 13(d)(3) of the Exchange Act.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A or Rule 430B promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Purchase Agreement" has the meaning set forth in the Preamble to this Agreement.

"Reduction Securities" has the meaning set forth in Section 2(b).

"register," "registered," and "registration" refer to a registration effected by preparing and filing a registration statement or similar document (including any pre- or post-effective amendment or supplement thereto) in compliance with the Securities Act, and, as applicable, the declaration or ordering of effectiveness of such registration statement or document.

"Registrable Securities" means the Shares; *provided*, *however*, that no shares of Common Stock shall be deemed Registrable Securities for purposes of this Agreement to the extent (x) such shares have been sold to the public through a registration statement or pursuant to Rule 144, (y) such shares have been sold, transferred or otherwise disposed of by a Person in a transaction in which its rights under this Agreement were not assigned in accordance with Section 7(j) or (z) registration rights with respect to such shares have terminated pursuant to Section 7(h) of this Agreement.

"Registration Statement" means each of the following: (a) the Registration Statement contemplated by Section 2(a) hereof and (b) each additional registration statement, if any, contemplated by Section 2(b) hereof, and including, in each case, the Prospectus, amendments and supplements to each such registration statement or Prospectus, including pre- and post-

effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Securities Act" means the Securities Act of 1933, as amended.

"Selling Stockholder Questionnaire" has the meaning set forth in Section 2(c).

"Shares" has the meaning set forth in the Preamble to this Agreement, and shall be adjusted for (i) any stock split, stock dividend, share exchange, merger, consolidation or similar recapitalization and (ii) any Common Stock issued as (or issuable upon the exercise of any warrant, right or other security that is issued as) a dividend or other distribution with respect to, or in exchange or in replacement of, the Shares.

"Third Party" means any Person other than the Holder, the Company or any of their respective Affiliates.

"Trading Day" means any day on which the Common Stock is traded on its Trading Market.

"Trading Market" means whichever of the New York Stock Exchange, the NYSE Amex Equities (formerly the American Stock Exchange), the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market or the OTC Bulletin Board on which the Common Stock is listed or quoted for trading on the date in question.

2. **Registration.**

(a) Subject to the satisfaction of any obligations set forth in Section 2(c) below, within 30 days following the six-month anniversary of the Closing Date (the "Initial Filing Date"), the Company shall prepare and file with the Commission a Registration Statement on Form S-3 covering the resale of all Registrable Securities (except as provided in Section 2(b)) for an offering to be made on a continuous basis pursuant to Rule 415. The Registration Statement shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Registration Statement) the "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall use its commercially reasonable efforts to cause the Registration Statement to be declared effective under the Securities Act as soon as possible but, in

any event, no later than the Effectiveness Date for such Registration Statement, and shall use its commercially reasonable efforts to keep the Registration Statement continuously effective under the Securities Act until the earlier of (i) such time as all Registrable Securities covered by such Registration Statement have been publicly sold by the Holder or (ii) the date that all shares of Common Stock covered by such Registration Statement cease to be Registrable Securities hereunder (the "Effectiveness Period"), subject to Section 7(c) hereof.

(b) Notwithstanding anything contained herein to the contrary, in the event that, following the filing of the Registration Statement pursuant to Section 2(a) above, the Commission limits the amount of Registrable Securities that may be included and sold by Holder in such Registration Statement pursuant to Rule 415 or any other basis, the Company may reduce the number of Registrable Securities included in such Registration Statement on behalf of the Holder (such Registrable Securities so reduced, the "Reduction Securities"). In such event the Company shall give the Holder prompt written notice of the number of such Reduction Securities. The Company shall use its commercially reasonable efforts at the first opportunity that is permitted by the Commission to register for resale the Reduction Securities. Subject to the satisfaction of any obligations set forth in Section 2(c) below, such new Registration Statement shall be filed as soon as practicable, and in any event within 30 days following the receipt of permission by the Commission, and shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form for such purpose) and shall contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Registration Statement) the "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall use its commercially reasonable efforts to cause each such Registration Statement filed pursuant to this Section 2(b) to be declared effective under the Securities Act as soon as possible but, in any event, no later than the Effectiveness Date for such Registration Statement, and shall use its commercially reasonable efforts to keep such Registration Statement continuously effective under the Securities Act during the entire Effectiveness Period, subject to Section 7(c) hereof.

(c) The Holder agrees to furnish to the Company a completed questionnaire containing such information regarding the Holder, the Registrable Securities held by the Holder and the distribution proposed by the Holder as the Company may reasonably request and as shall be required under applicable law or regulation in connection with any registration referred to in this Agreement (a "Selling Stockholder Questionnaire") on a date that is not less than five Trading Days prior to the date of filing of a Registration Statement pursuant to this Section 2. The Holder acknowledges and agrees that the information in the Selling Stockholder Questionnaire will be used by the Company in the preparation of the Registration Statement and hereby consents to the inclusion of such information in the Registration Statement.

(d) In the event that the Company is not eligible to register the resale of Registrable Securities on Form S-3 at any time after the Company initially qualifies to use Form S-3, the Company shall (i) use commercially reasonable efforts to resume its eligibility to use Form S-3 and (ii) undertake to register any Registrable Securities pursuant to this Section 2 on Form S-3 as soon as such form becomes available.

3. **Registration Procedures.**

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than three Trading Days prior to the filing of a Registration Statement or any related Prospectus or any amendment or supplement thereto, furnish to the Holder copies of all such documents proposed to be filed (other than those incorporated by reference). The Company shall duly consider any comments made by Holder and received by the Company not later than two Trading Days prior to the filing of the Registration Statement, but shall not be required to accept any such comments to which it reasonably objects.

(b) Subject to Section 7(c), (i) prepare and file with the Commission such amendments, including post-effective amendments, to each Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto and, as promptly as reasonably possible provide the Holder true and complete copies of all correspondence from and to the Commission relating to such Registration Statement that pertains to the Holder as a selling stockholder but not any comments that would result in the disclosure to the Holder of material and non-public information concerning the Company; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the Registration Statements and the disposition of all Registrable Securities covered by each Registration Statement.

(c) Notify the Holder as promptly as reasonably possible (and, in the case of (i)(A) below, not less than three Trading Days prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one Trading Day following the day: (i)(A) when a Prospectus or any prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement (in which case the Company shall provide true and complete copies thereof and all written responses thereto to the Holder that pertain to the Holder as a selling stockholder or to the Plan of Distribution, but not information which the Company reasonably believes would constitute material and non-public information); and (C) with respect to each Registration Statement or any post-effective amendment, when the same has been declared effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information that pertains to the Holder as a selling stockholder or the Plan of Distribution; (iii) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable

Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; (v) of the occurrence of any event or passage of time that makes the financial statements included or incorporated by reference in a Registration Statement ineligible for inclusion or incorporation by reference therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, or any form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading; and (vi) of the occurrence or existence of any pending development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus; *provided*, that any and all of such information shall remain confidential to the Holder until such information otherwise becomes public, unless disclosure by the Holder is required by law; *provided, further*, that notwithstanding the Holder's agreement to keep such information confidential, the Holder makes no acknowledgement that any such information is material, non-public information.

(d) Use its reasonable best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) Furnish to the Holder, without charge, at least one conformed copy of each Registration Statement and each amendment thereto and all exhibits to the extent reasonably requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission; *provided*, that the Company shall have no obligation to provide any document pursuant to this clause that is available on the EDGAR system.

(f) Promptly deliver to the Holder, without charge, as many copies of each Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request. Subject to Section 7(d) hereof, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by the selling Holder in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(g) Prior to any public offering of Registrable Securities, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holder in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or Blue Sky laws of those jurisdictions within the United States as the Holder reasonably requests in writing to keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statements; *provided*, that the Company

shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or subject the Company to any material tax in any such jurisdiction where it is not then so subject.

(h) Cooperate with the Holder to facilitate the timely delivery of the Registrable Securities in book-entry form to a transferee pursuant to the Registration Statements, free, to the extent permitted by the Purchase Agreement and under applicable law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such name as the Holder may request.

(i) Upon the occurrence of any event contemplated by Section 3(c)(v), as promptly as reasonably possible, prepare a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, no Registration Statement nor any Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, or any form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading.

(j) If required by the FINRA Corporate Financing Department or any similar entity, promptly effect a filing with FINRA pursuant to FINRA Rule 5110 with respect to the public offering contemplated by resales of securities under the Registration Statement (an "Issuer Filing"), and pay the filing fee required by such Issuer Filing.

4. **Registration Expenses.** All fees and expenses incident to the Company's performance of or compliance with its obligations under this Agreement (excluding any underwriting discounts and selling commissions and all legal fees and expenses of legal counsel for the Holder) shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the Trading Market on which the Common Stock is then listed for trading, and (B) in compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing prospectuses if the printing of prospectuses is reasonably requested by the Holder), (iii) messenger, telephone and delivery expenses, (iv) reasonable fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance and (vi) reasonable fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any underwriting, broker or similar commissions of the Holder or any legal fees or other costs of the Holder.

5. **Indemnification.**

(a) **Indemnification by the Company.** The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless the Holder, the officers, directors, agents, partners, members, stockholders and employees of the Holder, each Person who controls the Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents, partners, members, stockholders and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of preparation and reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose), or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that (1) such untrue statements, alleged untrue statements, omissions or alleged omissions are based solely upon information regarding the Holder furnished in writing to the Company by the Holder expressly for use therein, or to the extent that such information relates to the Holder or the Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by the Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(vi), the use by the Holder of an outdated or defective Prospectus after the Holder has received written notice from the Company that the Prospectus is outdated or defective and prior to the receipt by the Holder of an Advice (as defined below) or an amended or supplemented Prospectus, but only if and to the extent that following the receipt of the Advice or the amended or supplemented Prospectus the misstatement or omission giving rise to such Loss would have been corrected. The Company shall notify the Holder promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) **Indemnification by Holder.** The Holder shall, notwithstanding any termination of this Agreement, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents, partners, members, stockholders or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon: (x) for so long as the prospectus delivery requirements of the Securities Act apply to sales by the Holder, the Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus, or any form of prospectus or supplement thereto, in light of the circumstances

under which they were made) not misleading to the extent, but only to the extent that, (1) such untrue statements or omissions are based solely upon information regarding the Holder furnished in writing to the Company by the Holder expressly for use therein, or to the extent that such information relates to the Holder or the Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by the Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(vi), the use by the Holder of an outdated or defective Prospectus after the Holder has received written notice from the Company that the Prospectus is outdated or defective and prior to the receipt by the Holder of an Advice or an amended or supplemented Prospectus, but only if and to the extent that following the receipt of the Advice or the amended or supplemented Prospectus the misstatement or omission giving rise to such Loss would have been corrected. In no event shall the liability of the Holder hereunder be greater in amount than the dollar amount of the net proceeds received by the Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) **Conduct of Indemnification Proceedings.** If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing. 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*, 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: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) 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 of any Indemnified Party to give notice to the Indemnifying Party within a reasonable time of the commencement of such action shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have proximately and materially adversely prejudiced the Indemnifying Party. The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such

Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within thirty (30) Trading Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; *provided*, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) **Contribution.** If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) was determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), the Holder shall not be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by the Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that the Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties and are not in diminution or limitation of the indemnification provisions under the Purchase Agreement.

6. **Restrictions on Dispositions**.

(a) **Lock-Up**. During the six (6) month period following the Closing Date (the "Lock-Up Period"), without the prior approval of a majority of the Company's Board of Directors,

the Holder shall not Dispose of any of the Shares; provided, however, that the foregoing shall not prohibit the Holder from transferring Shares to a Permitted Transferee or to the Company.

(b) **Certain Tender Offers**. Notwithstanding any other provision of this Section 6, this Section 6 shall not prohibit or restrict any Disposition of Shares by the Holder or its Permitted Transferees into (a) a tender offer by a Third Party that if completed in accordance with its terms would result in a Fundamental Change Event that has been approved by a majority of the Company's Board of Directors and in which the Company's Board of Directors has recommended that the stockholders of the Company participate or (b) an issuer tender offer by the Company.

(c) **Legend**. For so long as the Shares are subject to any of the restrictions set forth in this Section 6, the book-entry or certificated form of the Shares shall bear the following legend:

> THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFER PURSUANT TO THE PROVISIONS OF A REGISTRATION RIGHTS AGREEMENT DATED AS OF SEPTEMBER 29, 2017. A COPY OF THE REGISTRATION RIGHTS AGREEMENT MAY BE OBTAINED FROM THE COMPANY. ANY TRANSFER IN VIOLATION OF THE REGISTRATION RIGHTS AGREEMENT IS VOID AND OF NO EFFECT.

(g) **Termination of Restrictions on Dispositions**.

(i) The restrictions set forth in this Section 6 shall terminate and have no further force or effect upon the earliest to occur of: (A) the expiration of the Lock-Up Period; (B) immediately prior to the consummation of a Fundamental Change Event; (C) a liquidation or dissolution of the Company; and (D) the date on which the Common Stock ceases to be registered pursuant to Section 12 of the Exchange Act.

(ii) No termination pursuant to Section 6(g)(i) shall relieve any of the parties (or the Permitted Transferee, if any) for liability for breach of or default under any of their respective obligations or restrictions under any terminated provision of this Agreement, which breach or default arose out of events or circumstances occurring or existing prior to the date of such termination.

7. **Miscellaneous.**

(a) **Remedies.** In the event of a breach by the Company or by the Holder, of any of their obligations under this Agreement, the Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and the Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agree that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) **Compliance.** The Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement and shall sell the Registrable Securities only in accordance with a method of distribution described in the Registration Statement.

(c) **Furnishing of Information.** The Company may require each selling Holder to furnish to the Company a certified statement as to (i) the number of shares of Common Stock beneficially owned by the Holder and any Affiliate thereof, (ii) any FINRA affiliations, (iii) any natural persons who have the power to vote or dispose of the common stock and (iv) any other information as may be requested by the Commission, FINRA or any state securities commission.

(d) **Discontinued Disposition.** The Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c), the Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until the Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(e) **Reports Under the Exchange Act.** With a view to making available to the Holder the benefits of Rule 144 and any other rule or regulation of the Commission that may at any time permit the Holder to sell securities of the Company to the public without registration, the Company agrees, for so long as the Holder holds (i) all or any portion of the Shares issued pursuant to the Purchase Agreement, and (ii) any other shares of Common Stock issued as (or issuable upon conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, in exchange for or in replacement of the Shares, to use its commercially reasonable efforts to:

(A) make and keep public information available, as those terms are understood and defined in Rule 144, at all times on and after the date hereof;

(B) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (or obtain extensions in respect thereof and file within the applicable grace period); and

(C) furnish to the Holder, so long as the Holder owns (1) all or any portion of the Shares issued pursuant to the Purchase Agreement, and (2) any other shares of Common Stock issued as (or issuable upon conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, in exchange for or in replacement of the Shares, forthwith upon request (x) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act and (y) such other information as may be reasonably requested to avail the Holder of any rule or regulation of the Commission that permits the selling of any such securities without registration.

(f) **Amendments and Waivers.** No provision of this Agreement may be waived or amended except in a written instrument signed by the Company and the Holder. The Company shall provide prior notice to the Holder of any proposed waiver or amendment. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

(h) **Termination of Registration Rights.** For the avoidance of doubt, it is expressly agreed and understood that (i) in the event that there are no Registrable Securities outstanding as of a Filing Date, then the Company shall have no obligation to file, caused to be declared effective or to keep effective any Registration Statement hereunder (including any Registration Statement previously filed pursuant to this Agreement) and (ii) all registration rights granted to the Holder hereunder shall terminate in their entirety effective on the first date on which there shall cease to be any Registrable Securities outstanding. If not previously terminated pursuant to the foregoing sentence, it is expressly agreed and understood that all registration rights granted to the Holder pursuant to this Agreement shall terminate as to the Holder on the earlier of (A) 36 cumulative months (which need not be consecutive) during which one or more Registration Statements continues to be effective, or (B) the expiration of the Effectiveness Period. In the event that the Company determines that the registration rights granted to the Holder hereunder have terminated as to the Holder, it shall notify the Holder of such determination, which notice shall set forth in reasonable detail the basis for such determination; *provided*, that the failure to provide any such notice shall not affect whether any Registrable Securities are outstanding or whether the registration rights granted to the Holder hereunder have terminated. For the avoidance of doubt, it is expressly agreed and understood that the Company's determination of whether such registration rights shall have terminated shall not be deemed to be conclusive or determinative of such matter.

(i) **Notices.** Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earlier of (a) the Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service with next day delivery specified, (b) in the case of notice to the Company only, upon confirmation via electronic return receipt if such notice or communication is delivered via email at an email address specified in this Section 7(i) or (c) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows:

if to the Company, to:

CytomX Therapeutics, Inc.
151 Oyster Point Blvd., Suite 400
South San Francisco, CA 94080
Attention: General Counsel
Email: cladd@cytomx.com

with a copy (which shall not constitute notice) to:

Latham & Watkins LLP
140 Scott Drive
Menlo Park, CA 94025
Attention: Mark V. Roeder
Email: mark.roeder@lw.com

or to such other Person at such other place as the Company shall designate to the Holder in writing;

if to the Holder, to:
One Amgen Center Drive
Thousand Oaks, CA 91320
Attention: Corporate Secretary

with a copy (which shall not constitute notice) to:

Amgen, Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320
Attention: SVP, Business Development

or such other address as may be designated in writing hereafter, in the same manner, by such Person; and

if to any other Person who is then the registered Holder, to the address of such Holder as it appears in the stock transfer books of the Company, or to such other place as such Holder shall designate to the Company in writing.

(j) **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of the Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of the Holder (other than by merger or consolidation or to an entity which acquires the Company including by way of acquiring all or substantially all of the Company's assets). The rights of the Holder hereunder, including the right to have the Company register Registrable Securities pursuant to this Agreement, may be assigned by the Holder to a Permitted Transferee of the Holder, but only if (i) the Holder agrees in writing with such Permitted Transferee to assign such rights and related obligations under this Agreement, and for such Permitted Transferee to assume such obligations, and a copy of such agreement is furnished to the Company, (ii) the Company is furnished with written notice of the name and address of such Permitted Transferee and the securities with respect to which such registration rights are being transferred or assigned, (iii) such Permitted Transferee agrees in writing with the Company to be bound by all of the provisions contained herein and (iv) such Permitted Transferee is an "accredited investor," as that term is defined in Rule 501 of Regulation D.

(k) **Counterparts.** This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one

instrument, and shall become effective when one or more counterparts have been signed by each party hereto and delivered to the other party.

(l) **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

(m) **Cumulative Remedies.** The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(n) **Severability.** If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(o) **Headings.** The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

COMPANY:

CYTOMX THERAPEUTICS, INC.

By:
Name: Sean A. McCarthy, D. Phil.
Title: President and Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

HOLDER:

AMGEN INC.

By:
Name: Robert A. Bradway
Title: Chairman, President & Chief Executive Officer

ANNEX A

PLAN OF DISTRIBUTION

We are registering the shares of common stock issued to the selling stockholder to permit the resale of these shares of common stock by the holders of the shares of common stock from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling stockholder of the shares of common stock. We will bear all fees and expenses incident to our obligation to register the shares of common stock.

The selling stockholder and any of its transferees, donees, pledgees or other successors in interest may, from time to time, sell all or a portion of the shares of common stock beneficially owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of common stock are sold through underwriters or broker-dealers, the selling stockholder will be responsible for underwriting discounts or commissions or agent's commissions. The shares of common stock may be sold on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale, in the over-the-counter market or in transactions otherwise than on these exchanges or systems or in the over-the-counter market and in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions. The selling stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the selling stockholder to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether such options are listed on an options exchange or otherwise;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling stockholder also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, as permitted by that rule, or Section 4(a)(1) under the Securities Act, if available, rather than under this prospectus, provided that they meet the criteria and conform to the requirements of those provisions.

Broker-dealers engaged by the selling stockholder may arrange for other broker-dealers to participate in sales. If the selling stockholder effects such transactions by selling shares of common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling stockholder or commissions from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal. Such commissions will be in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction will not be in excess of a customary brokerage commission in compliance with FINRA Rule 2440 (and any successor); and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2440-1.

In connection with sales of the shares of common stock or otherwise, the selling stockholder may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the shares of common stock in the course of hedging in positions they assume. The selling stockholder may also sell shares of common stock short and if such short sale shall take place after the date that the registration statement of which this prospectus is a part is declared effective by the Commission, the selling stockholder may deliver shares of common stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling stockholder may also loan or pledge shares of common stock to broker-dealers that in turn may sell such shares, to the extent permitted by applicable law. The selling stockholder may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction). Notwithstanding the foregoing, the selling stockholder has been advised that they may not use shares registered on the registration statement of which this prospectus forms a part to cover short sales of our common stock made prior to the date the registration statement, of which this prospectus forms a part, has been declared effective by the Commission.

The selling stockholder may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act, as amended, amending the prospectus, if necessary, to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholder also may transfer and donate the shares of common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The selling stockholder and any broker-dealer or agents participating in the distribution of the shares of common stock may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act in connection with such sales. In such event, any commissions paid, or any discounts or concessions allowed to, any such broker-dealer or agent and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. If the selling stockholder is an "underwriter" within the meaning of Section 2(11) of the Securities Act, it will be subject to the prospectus delivery requirements of the Securities Act and may be subject to certain statutory liabilities of, including but not limited to, Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

To the extent required, the shares of common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealers or underwriters, and any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

Under the securities laws of some states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that the selling stockholder will sell any or all of the shares of common stock registered pursuant to the registration statement, of which this prospectus forms a part.

The selling stockholder and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act, as amended, and the rules and regulations thereunder, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of common stock by the selling stockholder and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the shares of common stock to engage in market-making activities with respect to the shares of common stock. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock.

We will pay all expenses of the registration of the shares of common stock pursuant to the registration rights agreement, including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or "blue sky" laws; *provided*, *however*, that the selling stockholder will pay all underwriting discounts and selling commissions, if any. We will indemnify the selling stockholder against certain liabilities, including some liabilities under the Securities Act, in accordance with a registration rights agreement, or the selling stockholder will be entitled to contribution. We may be indemnified by the selling stockholder against civil liabilities, including liabilities under the Securities Act, that may arise from any written information furnished to us by the selling stockholder specifically for

use in this prospectus, in accordance with the registration rights agreement, or we may be entitled to contribution.

Exhibit 10.1

COLLABORATION

AND

LICENSE AGREEMENT

by and between

AMGEN INC.

and

CYTOMX THERAPEUTICS, INC.

Dated as of September 29, 2017

COLLABORATION

AND

LICENSE AGREEMENT

by and between

AMGEN INC.

and

CYTOMX THERAPEUTICS, INC.

Dated as of September 29, 2017

COLLABORATION AND LICENSE AGREEMENT

This Collaboration and License Agreement ("**Agreement**") is entered into as of September 29, 2017 (the "**Effective Date**") by and between Amgen Inc., a Delaware corporation having an address at One Amgen Center Drive, Thousand Oaks, California 91320 ("**Amgen**") and CytomX Therapeutics, Inc., a Delaware corporation having an address at 151 Oyster Point Blvd., Suite 400, South San Francisco, California 94080 ("**CytomX**"). Amgen and CytomX are each hereafter referred to individually as a "**Party**" and together as the "**Parties**".

WHEREAS, Amgen has research, development, manufacturing and commercialization expertise for the development and commercialization of pharmaceutical and biologics products in the field of oncology;

WHEREAS, CytomX has technology and expertise relating to the discovery and development of recombinant antibodies directed to certain targets using its Probody™ platform technology and drug discovery capabilities;

WHEREAS, Amgen and CytomX desire to collaborate in the performance of preclinical and clinical development programs for the purposes of discovery and development of certain bi-specific recombinant antibody products that are directed against specified targets and suitable for development and commercialization, subject to the terms and conditions of this Agreement;

WHEREAS, concurrently herewith, the Parties are entering into a sublicense agreement (the "**UCSB Sublicense Agreement**") under CytomX's interest and rights in, to and under certain additional patent rights that are licensed to CytomX pursuant to the UCSB Agreement, to discover and develop such bi-specific recombinant antibody products; and

WHEREAS, concurrently herewith, the Parties are entering into a Share Purchase Agreement dated as of the Effective Date ("**Share Purchase Agreement**") pursuant to which Amgen agrees to purchase from CytomX, and CytomX agrees to sell to Amgen, the CytomX Common Stock.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1. DEFINITIONS

All references to particular Exhibits, Articles or Sections mean the Exhibits to, and Articles and Sections of, this Agreement, unless otherwise specified. For the purposes of this Agreement and the Exhibits and Appendices hereto, the following words and phrases have the following meanings:

Section 1.1 "**Abandoned Patent Right**" has the meaning set forth in Section 8.2.3.

Section 1.2 "**Additional Amgen Target**" has the meaning set forth in Section 4.4.1.

Section 1.3 "**Additional Amgen Product**" means a Bi-Specific Product that is directed against both an Additional Amgen Target and [***] and that has a Format selected for such Bi-Specific Product in the course of activities conducted pursuant to the Preclinical Development Plan.

Section 1.4 "**Affiliate**" means, with respect to any Person, any other Person that controls, is controlled by or is under common control with such Person, for as long as such control exists. For purposes of this Section, "control" means the direct or indirect ownership of more than fifty percent (50%) of the voting or economic interest of a Person, or the power, whether pursuant to contract, ownership of securities or otherwise, to direct the management and policies of a Person. For clarity, once a Person ceases to be an Affiliate of a Party, then, without any further action, such Person shall cease to have any rights, including license and sublicense rights, under this Agreement by reason of being an Affiliate of such Party.

Section 1.5 "**Agreement**" has the meaning set forth in the Preamble.

Section 1.6 "**Alliance Manager**" has the meaning set forth in Section 2.1.2.

Section 1.7 "**Amgen**" has the meaning set forth in the Preamble.

Section 1.8 "**Amgen Acquiree**" has the meaning set forth in Section 14.9.

Section 1.9 "**Amgen Acquisition**" has the meaning set forth in Section 14.9.

Section 1.10 "**Amgen Expansion Option**" has the meaning set forth in Section 4.4.1.

Section 1.11 "**Amgen Indemnified Parties**" has the meaning set forth in Section 10.1.1.

Section 1.12 "**Amgen IP**" means (a) Amgen Patents and Amgen's interest in the Collaboration Patents and (b) Amgen Licensed Know-How and Amgen's interest in the Collaboration Know-How.

Section 1.13 "**Amgen Licensed Know-How**" means all Know-How that both (a) is Controlled by Amgen or its Affiliates (subject to Section 14.9) and (b)(i) was actually used by Amgen or its Affiliates in its research and development of the Products prior to the Effective Date or (ii) is actually used by Amgen or its Affiliates in the research and development of the Products on or after the Effective Date or is otherwise necessary or reasonably useful for the Exploitation of Products, and in each case ((b)(i) and (b)(ii)) is reasonably useful for the conduct by CytomX of Pre-Clinical Development Plan activities or the Exploitation of CytomX Products or EGFR Products by CytomX to the extent provided for in this Agreement.

Section 1.14 "**Amgen Patents**" means (a) the Patent Rights listed on Exhibit A and (b) any other Patent Rights Controlled by Amgen or its Affiliates that Cover Inventions necessary or reasonably useful for the conduct by CytomX of Pre-Clinical Development Plan activities or the Exploitation of CytomX Products or EGFR Products to the extent provided for in this Agreement.

Section 1.15 "**Amgen Product**" means a Bi-Specific Product that is directed against both an Amgen Target and [***] and that has a Format selected in the course of conducting activities under the Preclinical Development Plan for the Amgen Target.

Section 1.16 "**Amgen Target**" means [***].

Section 1.17 "**Antibody**" means a molecule comprising or containing: (a) one or more immunoglobulin variable domains; (b) fragments, variants, modifications or derivatives of such immunoglobulin variable domains irrespective of origin or source; or (c) the nucleic acid consisting of a sequence of nucleotides encoding (or complementary to a nucleic acid encoding) the foregoing molecules in (a) or (b).

Section 1.18 "**Anti-Bribery and Anti-Corruption Laws**" has the meaning set forth in Section 9.4(c)(i)(a).

Section 1.19 "**Anti-Corruption Policies**" has the meaning set forth in Section 9.4(c)(i)(a).

Section 1.20 "**Audited Party**" has the meaning set forth in Section 7.9.

Section 1.21 "**Available**" means, with respect to a Bi-Specific Product directed against a proposed Additional Amgen Target, that (a) [***], or a [***] with respect to such [***], (b) [***] has not [***], (c) [***] and [***], (d) [***] is not [***], including, without limitations, [***] with respect to (i) [***] and [***] or (ii) an [***] and [***] or (e) that [***] is not otherwise [***] and [***].

Section 1.22 "**Background IP**" means Background Patent Rights and Background Know-How

Section 1.23 "**Background Know-How**" means Know-How (a) Controlled by a Party prior to the Effective Date or (b) Controlled by such Party during the Term, but not generated in the performance of the activities contemplated under this Agreement.

Section 1.24 "**Background Patent Rights**" means Patent Rights (a) Controlled by a Party prior to the Effective Date or (b) Controlled by such Party during the Term, but not generated in the performance of the activities contemplated under this Agreement.

Section 1.25 "**Bi-Specific Product**" means a pharmaceutical or biologic product containing a compound or molecule that is directed against at least two Targets, one of which Targets is [***].

Section 1.26 "**BLA**" means (a) a Biologics License Application as defined in 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), or (b) any corresponding foreign application in the Territory, including, with respect to the European Union, a Marketing Authorization Application ("**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.

Section 1.27 "**Calendar Quarter**" means each of the three (3) month periods ending March 31, June 30, September 30 and December 31; provided, however, that: (a) the first Calendar Quarter of the Term shall extend from the Effective Date to the end of the first complete Calendar Quarter thereafter; and (b) the last Calendar Quarter shall extend from the beginning of the Calendar Quarter in which this Agreement expires or terminates until the effective date of such expiration or termination.

Section 1.28 "**Calendar Year**" means each of the twelve (12) month periods ending December 31; provided, however, that: (a) the first Calendar Year of the Term shall extend from the Effective Date to the end of the first complete Calendar Year thereafter; and (b) the last Calendar Year shall extend from the beginning of the Calendar Year in which this Agreement expires or terminates until the effective date of such expiration or termination.

Section 1.29 "**[***]**" means [***] is also known as [***] and has been designated as NCBI genomic reference sequence [***].

Section 1.30 "**[***]**" means the [***] comprised in whole or in part of [***].

Section 1.31 "**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.

Section 1.32 "**Change of Control**" means (a) the closing of the sale, transfer, exclusive license or other disposition of all or substantially all of CytomX's assets (including intellectual property), (b) the consummation of the merger or consolidation of CytomX with or into another entity (except a merger or consolidation in which the holders of capital stock of CytomX immediately prior to such merger or

consolidation continue to hold more than 50% of the voting power of the capital stock of CytomX or the surviving or acquiring entity), (c) the closing of the transfer (whether by merger, consolidation or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of CytomX's securities), of CytomX's securities if, after such closing, such person or group of affiliated persons would hold 50% or more of the outstanding voting stock of CytomX (or the surviving or acquiring entity), or (d) a liquidation, dissolution or winding up of CytomX, except where such liquidation, dissolution or winding up of CytomX is related to or preceded by a transfer, license or other disposition of assets contemplated by (a) above to an Affiliate of CytomX as part of an internal restructuring, and in any event that would not have the effect of diminishing Amgen's rights under this Agreement.

Section 1.33 "**Collaboration EGFR Budget**" means the budget to be established by the JSC in accordance with Section 2.1.3 for activities to be conducted under the Preclinical Development Plan and the EGFR Initial Development Plan with respect to EGFR Products to be performed by CytomX and Amgen. The Collaboration EGFR Budget shall be included as part of the Preclinical Development Plan and the EGFR Initial Development Plan for the EGFR Target and approved by the JSC on annual basis, in accordance with Section 2.1.3.

Section 1.34 "**Collaboration IP**" means Collaboration Know-How and Collaboration Patents.

Section 1.35 "**Collaboration Know-How**" means any and all Know-How that is both (a) Controlled by a Party (or by the Parties jointly) and (b) generated in the performance of the activities contemplated under this Agreement. Collaboration Know-How excludes Amgen Licensed Know-How, CytomX Licensed Know-How and CytomX Platform Know-How.

Section 1.36 "**Collaboration Patents**" means Patent Rights Controlled by a Party (or by the Parties jointly) that Cover an Invention within Collaboration Know-How. Collaboration Patents include Collaboration Product Patents and Collaboration Platform Patents.

Section 1.37 "**Collaboration Platform Patents**" means Collaboration Patents that solely Cover an Invention within CytomX Platform Know-How.

Section 1.38 "**Collaboration Product Patents**" means Collaboration Patents that solely Cover composition of matter or method of manufacture or method of use of a Product (i.e., an Amgen Product, a CytomX Product or an EGFR Product).

Section 1.39 "**Collaboration Target**" means each combination of an Amgen Target, the CytomX Target and the EGFR Target, on the one hand, and [***], on the other hand.

Section 1.40 "**Combination Product**" has the meaning set forth in Section 1.120.

Section 1.41 "**Commercially Reasonable Efforts**" means, with respect to a Party (directly or through Affiliates or Sublicensees) performing activities under this Agreement, those efforts and resources [***] with those efforts [***] the [***] of [***] in connection with the [***] or [***] of [***] of [***] at a [***] of [***] or [***] in its [***], taking into account [***] or other [***] of the [***] and [***] of the [***], and other [***] such as the [***] of the [***], and other [***]. It is anticipated that [***] of the [***] of the [***], with respect to an obligation under this Agreement, that a [***] and in [***]: (a) set and seek to [***] for [***] and (b) [***] make and [***] and [***] to [***] with respect to [***], all taking into account the [***] to [***].

Section 1.42 "**Competing Product**" means any product that is or contains an Antibody that is directed against the same Collaboration Target as a given Product.

Section 1.43 "**Confidential Disclosure Agreement**" means, collectively (a) that certain Confidential Disclosure Agreement entered into between the Parties as of [***], (b) that certain Confidential Disclosure Agreement entered into between the Parties as of [***] and (c) that certain Confidential Disclosure Agreement entered into between the Parties as of [***].

Section 1.44 "**Confidential Information**" has the meaning set forth in Section 12.1.1.

Section 1.45 "**Control**" or "**Controlled**" means, with respect to any Know-How, Patent Right, or other intellectual property right, the possession (whether by ownership or license) by a Party or its Affiliate of the ability to grant to the other Party a license or access as provided herein to such Know-How, Patent Right, or other intellectual property right, without violating the terms of any agreement or other arrangement of such Party with any Third Party, or such Party being obligated to pay any royalties or other consideration therefor, in existence as of the time such Party or its Affiliates would first be required hereunder to grant the other Party such license or access; *provided*, *however*, if (a) a Party or its Affiliate would Control any Know-How, Patent Right, or other intellectual property right *but for* an obligation to pay royalties or other consideration in connection with a grant to the other Party of such Know-How, Patent Right, or other intellectual property right and (b) the other Party agrees in writing to reimburse the first Party for all such royalties or other consideration, provided that the other Party may offset such amounts paid to the first Party as set forth in Section 7.5.5, then such Know-How, Patent Right, or other intellectual property right shall be deemed Controlled by the first Party or such Affiliate. For clarity, nothing in this Section 1.45 obligates a Party to obtain rights under the Know-How, Patent Rights, or other intellectual property rights of any Third Party in order to be able to grant the other Party a license or access as provided herein.

Section 1.46 "**Cover**" means (a) with respect to Know-How, that the Exploitation of a given molecule, product, or item would require the use of such Know-How and (b) with respect to a Patent Right, that the Exploitation of a given molecule, product, or item would infringe an issued and unexpired claim of such Patent Right (in the absence of ownership of, or a license under, such Patent Right). Cognates of the word "**Cover**" have correlative meanings.

Section 1.47 "**Criteria**" shall mean (a) the criteria to be met [***] and (b) the criteria to be met [***].

Section 1.48 "**Critical Matter**" means a matter that could [***] with respect to the [***], including the following: (a) the [***] only if [***] does not [***]; (b) the [***] that is [***] or [***] or [***]; (c) the [***] if the [***] in the [***]; and (d) [***] with respect to [***].

Section 1.49 "**CytomX**" has the meaning set forth in the Preamble.

Section 1.50 "**CytomX Acquiree**" has the meaning set forth in Section 14.10.

Section 1.51 "**CytomX Acquisition**" has the meaning set forth in Section 14.10.

Section 1.52 "**CytomX Common Stock**" means a number of shares of the common stock of CytomX having a total value of Twenty Million Dollars ($20,000,000), which shall be issued to Amgen pursuant to pursuant to Section 2.1 of the Share Purchase Agreement.

Section 1.53 "**CytomX IP**" means (a) CytomX Patents and CytomX's interest in the Collaboration Patents and (b) CytomX Licensed Know-How and CytomX's interest in Collaboration Know-How.

Section 1.54 "**CytomX Indemnified Parties**" has the meaning set forth in Section 10.1.2.

Section 1.55 "**CytomX Licensed Know-How**" means all Know-How that both (a) is Controlled by CytomX or its Affiliates and (b) (i) was actually used by CytomX or its Affiliates in its research and development of the Products prior to the Effective Date, (ii) is actually used by CytomX or its Affiliates in its research and development of the Products on or after the Effective Date, or (iii) relates to the CytomX Platform Technology and in each case ((i) through (iii)) is reasonably useful for the conduct by Amgen of Preclinical Development Plan activities or the Exploitation of an Amgen Product or an EGFR Product. For clarity, CytomX Licensed Know-How includes any intellectual property rights under any Patent Rights Controlled by CytomX to the extent that the foregoing remain Know-How and are not included in CytomX Patents. Notwithstanding the foregoing, CytomX Licensed Know-How shall exclude any Tools. For clarity, CytomX Licensed Know-How includes all CytomX Platform Know-How that fall within the foregoing description.

Section 1.56 "**CytomX Patents**" means (a) the Patent Rights listed on Exhibit B-1 and (b) any other Patent Rights Controlled by CytomX or its Affiliates that Cover the CytomX Platform Technology or Inventions invented solely by or on behalf of CytomX or its Affiliates in the performance of activities contemplated by this Agreement, in each case that are necessary or reasonably useful for the conduct by Amgen of the Preclinical Development Plan activities or the Exploitation of Amgen Products or EGFR Products. CytomX Patents shall exclude: (i) any Tools and (ii) Patent Rights licensed to CytomX under the UCSB Agreement. For clarity, CytomX Patents includes all CytomX Platform Patents that fall within the foregoing description.

Section 1.57 "**CytomX Platform Know-How**" means all Know-How designed, discovered, generated, invented or conceived by or on behalf of CytomX or its Affiliates in the performance of the activities contemplated under this Agreement and that is exclusively related to the CytomX Platform Technology; *provided* that CytomX Platform Know-How shall not include any Tools.

Section 1.58 "**CytomX Platform Patents**" means all Patent Rights that Cover an Invention within CytomX Platform Know-How and that are exclusively related to the CytomX Platform Technology; *provided* that CytomX Platform Patents shall not include any Tools.

Section 1.59 "**CytomX Platform Technology**" means CytomX's proprietary Probody platform technology, including methods of making and using Probodies by affixing a Mask to an Antibody with a Substrate that is cleaved by an enzyme or condition preferentially expressed or present in a tumor environment or diseased tissue, and including the composition of Masks and Substrates used in such Probodies, and also including Formats provided or developed by CytomX.

Section 1.60 "**CytomX Product**" means a Bi-Specific Product that is directed against both the CytomX Target and [***] and that has a Format selected in the course of conducting activities under the Preclinical Development Plan for the CytomX Target.

Section 1.61 "**CytomX Target**" means either (a) [***] or (b) [***].

Section 1.62 "**Defending Party**" has the meaning set forth in Section 8.4.

Section 1.63 "**Derivatives**" has the meaning set forth in Section 8.1.3.

Section 1.64 "**directed against**" means, as used in connection with a Target, that the product or agent at issue is designed to interact or bind with such Target as its primary mechanism of action.

Section 1.65 "**Disclosing Party**" has the meaning set forth in Section 12.1.1.

Section 1.66 "**Effective Date**" has the meaning set forth in the Preamble.

Section 1.67 "EGFR" means the Epidermal Growth Factor Receptor, a human transmembrane protein that is a receptor for members of the epidermal growth factor family (EGF family) of extracellular protein ligands. EGFR is also known as ERBB, ERBB1, and HER1 and has been designated as NCBI Reference Sequence NG_007726.3.

Section 1.68 "**EGFR Co-Development Option**" has the meaning set forth in Section 4.5.

Section 1.69 "**EGFR Co-Development Option Period**" has the meaning set forth in Section 4.5.

Section 1.70 "**EGFR Cohort Expansion Study**" means the expansion of a dose cohort in the EGFR Dose Escalation Study after a recommended dose has been established in the EGFR Dose Escalation Study, as set forth in the EGFR Initial Development Plan.

Section 1.71 "**EGFR Cohort Expansion Study Completion**" means the earlier of (i) the [***] and (ii) the date that is [***] prior to the [***].

Section 1.72 "**EGFR Dose Escalation Study**" means a first-in-human Phase 1 Clinical Trial that establishes the safety, tolerability, and pharmacokinetics/pharmacodynamics of an EGFR Product through a dose-escalation plan that will identify the recommended dose for the EGFR Cohort Expansion Study as set forth in the EGFR Initial Development Plan.

Section 1.73 "**EGFR Global Development Plan**" has the meaning set forth in Section 6.1.3(b).

Section 1.74 "**EGFR Initial Development Plan**" means the comprehensive plan, overall strategy and timelines, and any updates thereto, for the conduct of the EGFR Dose Escalation Study and the EGFR Cohort Expansion Study, including all supplies of Product and other materials necessary for such studies, as mutually agreed by the Parties. The EGFR Initial Development Plan shall include, but not be limited to, a reasonably detailed description of the schedule of all such activities and the responsibility therefor as well as the Criteria [***]. The JSC shall prepare and approve the EGFR Initial Development Plan on a timeframe that is mutually agreed by the Parties, but in no event [***], and in any event consistent with the initial EGFR Initial Development Plan set forth on Exhibit C-1. As the circumstances may require, the JSC may propose from time to time amendments to the EGFR Initial Development Plan.

Section 1.75 "**EGFR Initial Development Term**" means, subject to the early termination of this Agreement, the period from the end of the Preclinical Development Term until completion of the activities contemplated by the EGFR Initial Development Plan.

Section 1.76 "**EGFR Poster**" has the meaning set forth in Section 12.3.

Section 1.77 "**EGFR Product**" means a Bi-Specific Product that is directed against both the EGFR Target and [***] and that has a Format selected in the course of conducting activities under the Preclinical Development Plan for the EGFR Target.

Section 1.78 "**EGFR Reverted Products**" has the meaning set forth in Section 13.5(e).

Section 1.79 "**EGFR Target**" means the EGFR receptor

Section 1.80 "**EGFR Termination**" has the meaning set forth in Section 13.5.

Section 1.81 "**EMA**" means the European Medicines Agency or any successor entity thereto.

Section 1.82 "**Enforcing Party**" has the meaning set forth in Section 8.7.4.

Section 1.83 "**EU**" or "**European Union**" means those countries, nations, states or other territories under the jurisdiction of the EMA, as such jurisdiction may change from time to time.

Section 1.84 "**Executive Officers**" means (a) with respect to CytomX, [***], or any other person that such officer designates from time to time, and (b) with respect to Amgen, [***], or any other person that such officer designates from time to time.

Section 1.85 "**Exploit**" means to research, develop, make, have made, use, offer for sale, sell, have sold, import, export, or otherwise exploit, or transfer possession of or title in. Cognates of the word "**Exploit**" shall have correlative meanings.

Section 1.86 "**FDA**" means the United States Food and Drug Administration or any successor entity thereto.

Section 1.87 "**Final Report**" means a written report setting forth the results of the activities undertaken according to the Preclinical Development Plan by CytomX or its Affiliates during the Preclinical Development Term**.**

Section 1.88 "**First Commercial Sale**" means, with respect to any Product in any country, the first sale for end use or consumption of such Product in such country after Marketing Approval has been granted in such country.

Section 1.89 "**First EGFR Product IND**" has the meaning set forth in Section 5.2.

Section 1.90 "**[***]**" means [***]. It is also known as [***] and has been designated as NCBI genomic reference sequence [***].

Section 1.91 "**Format**" means the [***] selected to [***] of such [***] to [***] to the [***] while taking into account [***]. For example, without limiting the foregoing, [***] or a [***]. A Format for purposes of [***] may be selected by a Party [***] that a Party [***] or [***], or that are [***] in the course of activities conducted pursuant to the Pre-Clinical Development Plan.

Section 1.92 "**GAAP**" means the then current generally accepted accounting principles in the United States as established by the Financial Accounting Standards Board or any successor entity or other entity generally recognized as having the right to establish such principles in the United States, in each case consistently applied.

Section 1.93 "**Gatekeeper**" means an independent Third Party mutually agreeable to the Parties to be engaged by CytomX promptly, but in no case later than [***], following the Effective Date for the purpose of confirming whether a nominated Additional Amgen Target is Available, on terms acceptable to both Parties, including provisions relating to confidentiality.

Section 1.94 "**GLP Toxicology Studies**" means all toxicology studies that meet the requirements set forth in 21 CFR Part 58 pertaining to good laboratory practice for use or intended for use in an IND and are required to be included in the filing of an IND, but excluding toxicology studies performed in the course of evaluating compounds prior to selection of a development candidate.

Section 1.95 "**GMP**" or "**Good Manufacturing Practices**" means the then-current Good Manufacturing Practices required by the FDA, as set forth in the U.S. Food, Drug and Cosmetic Act and the regulations promulgated thereunder, for the manufacture and testing of pharmaceutical materials, and comparable laws or regulations applicable to the manufacture and testing of pharmaceutical materials promulgated by other Regulatory Authorities, as they may be updated from time to time.

Section 1.96 "**Governmental Authority**" means any court, agency, department, authority or other instrumentality of any national, state, county, city or other political subdivision.

Section 1.97 "**Improvement**" means an advancement, modification, development or improvement.

Section 1.98 "**IND**" means, with respect to the United States, an investigational new drug application as defined in applicable regulations promulgated by the FDA and filed with the FDA for human clinical testing.

Section 1.99 "**Indemnitee**" has the meaning set forth in Section 10.1.3.

Section 1.100 "**Indemnitor**" has the meaning set forth in Section 10.1.3.

Section 1.101 "**Indirect Taxes**" has the meaning set forth in Section 7.11.2.

Section 1.102 "**Initiation**" means, with respect to a clinical trial, the first dosing in the first patient in such clinical trial. Cognates of the word "**Initiation**" have correlative meanings.

Section 1.103 "**Inventions**" means all inventions invented by or on behalf of either Party or its respective Affiliates or both Parties or their respective Affiliates, whether solely or jointly with any Third Party subcontractor, in the course of activities performed under this Agreement.

Section 1.104 "**Issuing Party**" has the meaning set forth in Section 12.2.2.

Section 1.105 "**Joint Development Committee**" or "**JDC**" has the meaning set forth in Section 2.1.3(d).

Section 1.106 "**Joint Research Committee**" or "**JRC**" has the meaning set forth in Section 2.1.3(d).

Section 1.107 "**Joint Steering Committee**" or "**JSC**" has the meaning set forth in Section 2.1.1.

Section 1.108 "**Know-How**" means proprietary techniques, technology, trade secrets, inventions (whether patentable or not), methods, know-how, data and results (including pharmacological, toxicological and clinical data and results), analytical and quality control data and results, regulatory documents, and other information, compositions of matter, cells, cell lines, assays, animal models, reagents and other physical, biological, or chemical material.

Section 1.109 "**Law**" means, individually and collectively, any and all laws, ordinances, rules, directives, administrative circulars and regulations of any kind whatsoever of any Governmental Authority within the applicable jurisdiction.

Section 1.110 "**Licensed Field**" means any and all uses.

Section 1.111 "**Losses**" has the meaning set forth in Section 10.1.1.

Section 1.112 "**MAA**" has the meaning set forth in Section 1.26.

Section 1.113 "**Marketing Approval**" means all approvals, licenses, registrations or authorizations of the Regulatory Authority in a country, necessary for the manufacture, use, storage, import, marketing and sale (including with respect to pricing and reimbursement) of a Product in such country.

Section 1.114 "**Mask**" means a peptide linked to an Antibody, wherein such peptide is capable of inhibiting the specific binding of the Antibody to its target.

Section 1.115 "**Mask/Substrate Activities**" has the meaning set forth in Section 4.1.4.

Section 1.116 "**Material Anti-Corruption Law Violation**" means a violation of any Anti-Bribery and Anti-Corruption Laws relating to the subject matter of this Agreement which would, if it were publicly known, in the reasonable view of a Party, have a material adverse effect on it or its reputation because of its relationship with the other Party.

Section 1.117 "**[***]**" means [***], a [***] that is [***]. It has been designated as NCBI genomic reference sequence [***].

Section 1.118 "**Milestone Events**" has the meaning set forth in Section 7.4.1.

Section 1.119 "**Milestone Payments**" has the meaning set forth in Section 7.4.1.

Section 1.120 "**Net Sales**" means, with respect to a certain time period and Product, the gross invoiced sales prices charged for a Product (after Marketing Approval of such Product) sold by or for the Paying Party, its Affiliates and Sublicensees (the "**Selling Party**") in arm's length transactions to Third Parties (but not including sales relating to transactions between the Paying Party, its Affiliates, and/or their respective Sublicensees and agents) during such time period, less the total of the following charges or expenses, as determined in accordance with GAAP, consistently applied across all products sold by the Paying Party:

a. Trade, cash, prompt payment and/or quantity discounts, including promotional, service or similar discounts;

b. Returns, allowances, rebates, chargebacks, other allowances, or payments to government agencies, including any amounts that are imposed or are due under Section 9008 of the U.S. Patient Protection and Affordable Care Act of 2010 (Pub. L. No. 111-48) and are reasonably allocable to such Product;

c. Retroactive price reductions applicable to sales of such Product;

d. Fees paid to distributors, selling agents (excluding any sales representatives of a Selling Party), group purchasing organizations and managed care entities;

e. Credits or allowances for product replacement, whether cash or trade;

f. Non-recoverable sales taxes, excise taxes, tariffs and duties (excluding taxes when assessed on income derived from sales); and

g. [***] of gross sales to cover items such as bad debt, freight or other transportation charges, insurance charges, additional special packaging, and other governmental charges.

Any disposal of Products for, or use of Products in, clinical or pre-clinical trials, given as free samples, or distributed at no charge to indigent patients shall not be included in Net Sales.

Upon any sale or other disposal of a Product that should be included within Net Sales for any consideration other than an exclusively monetary consideration on bona fide arm's length terms, then for purposes of calculating the Net Sales under this Agreement, such Product shall be deemed to be sold exclusively for money at the average sales price during the applicable reporting period generally achieved for such Product in the country in which such sale or other disposal occurred when such Product is sold alone and not with other products. In the event no sales price is available for the Product alone in such country

during the applicable reporting period, then such Product shall be deemed to be sold exclusively for money at the arithmetic mean sales price during the applicable reporting period generally achieved for such Product in all countries in which such sale or other disposal occurred when such Product is sold alone and not with other products (*provided, however*, that if such Product is not sold alone in any country, then the Selling Party shall calculate in good faith a hypothetical market price for the Product, allocating the same proportion of costs, overhead and profit as are then allocated to all similar substances then being made and marketed by the Selling Party and having an ascertainable market price; *provided, however*, that if the non-Selling Party in good faith disputes Amgen's calculation, the Parties shall submit the matter promptly to the Parties' Executive Officers).

If a Product either (1) is sold in the form of a combination product containing both a Product and one or more active pharmaceutical or therapeutic ingredient(s) as separate molecular entity(ies) that are not a Product; or (2) is sold in a form that is any combination of a Product and another pharmaceutical or therapeutic product that contains at least one other active pharmaceutical or therapeutic ingredient that is not a Product, where such products are not formulated together but are sold together (e.g., bundled) as a single product and invoiced as one product (in either case ((1) or (2)), a "**Combination Product**"), then the Net Sales of such Product for the purpose of calculating payments owed under this Agreement for sales of such Product, shall be determined as follows: first, Selling Party shall determine the actual Net Sales of such Combination Product (using the above provisions) and then such amount shall be multiplied by the fraction A/(A+B), where A is the invoice price of such Product, if sold separately, and B is the total invoice price of the other active pharmaceutical or therapeutic ingredient(s) in such Combination Product if sold separately. If any other active pharmaceutical or therapeutic ingredient in such Combination Product is not sold separately, Net Sales shall be calculated by multiplying actual Net Sales of such Combination Product by a fraction A/C where A is the invoice price of such Product if sold separately and C is the invoice price of such Combination Product. If neither such Product nor any other active pharmaceutical ingredient in such Combination Product is sold separately, then the adjustment to Net Sales shall be determined by the Parties in good faith to reasonably reflect the fair market value of the contribution of such Product in such Combination Product to the total fair market value of such Combination Product. Notwithstanding the foregoing, Net Sales shall not include amounts received (whether actually existing or deemed to exist for purposes of calculation) for Products not packaged for commercial use or distributed for use in clinical trials.

Section 1.121 "**Non-Publishing Party**" has the meaning set forth in Section 12.3.

Section 1.122 "**Party**" and "**Parties**" has the meaning set forth in the Preamble.

Section 1.123 "**Patent Rights**" means (a) all patents, priority patent filings and patent applications, and (b) any divisional, continuation (in whole or in part), or request for continued examination of any of such patents, and patent applications, and any and all patents or certificates of invention issuing thereon, and any and all reissues, reviews, reexaminations, extensions, renewals, substitutions, confirmations, registrations, revalidations, revisions, and additions of or to any of the foregoing.

Section 1.124 "**Paying Party**" means, in the case of an Amgen Product or an EGFR Product, Amgen, and, in the case of a CytomX Product, CytomX.

Section 1.125 "**Person**" means any corporation, limited or general partnership, limited liability company, joint venture, trust, unincorporated association, governmental body, authority, bureau or agency, any other entity or body, or an individual.

Section 1.126 "**Pharmacovigilance Agreement**" has the meaning set forth in Section 5.4.

Section 1.127 "**Phase 1 Clinical Trial**" means a human clinical trial of a Product, the principal purpose of which is a preliminary determination of safety, tolerability, pharmacological activity or pharmacokinetics in healthy individuals or patients, and which may include expansion to estimate activity in a specific patient cohort, or similar clinical study prescribed by the Regulatory Authorities, and that satisfies the requirements of 21 C.F.R. § 312.21(a) or its non-U.S. equivalents. For clarity, a clinical trial that is commonly referred to as a "Phase 1b" clinical trial (including the EGFR Cohort Expansion Study) shall be considered a Phase 1 Clinical Trial.

Section 1.128 "**Phase 2 Clinical Trial**" means a human clinical trial of a Product (whether a standalone trial or a stage of a "Phase 2/3" clinical trial described in the protocol as the "Phase 2 portion") the principal purpose of which is (a) (1) to evaluate the clinical efficacy, safety, pharmacodynamics or biological activity of such Product in the target patient population as its primary endpoint or (2) determine anti-cancer activity in the applicable tumor type as its primary endpoint (as described in the protocol), in each case of clause (1) and (2), and is prospectively designed to generate sufficient data that may permit commencement of a Phase 3 Clinical Trial, and (b) that satisfies the requirements of 21 C.F.R. § 312.21(b) or its non-U.S. equivalents. For clarity, a clinical trial that is commonly referred to as a "Phase 1b" clinical trial (including the EGFR Cohort Expansion Study) shall not be considered a Phase 2 Clinical Trial.

Section 1.129 "**Phase 3 Clinical Trial**" means a human clinical trial of a Product (whether a standalone trial or a stage of a "Phase 2/3" clinical trial described in the protocol as the "Phase 3 portion"): (a) (1) with a defined dose or a set of defined doses of such Product designed to establish statistically significant efficacy and safety of such Product for the purpose of enabling the preparation and submission of a BLA to the competent Regulatory Authorities in a country of the Territory, or (2) where the results of such clinical trial are intended (if successful) to be used to establish both safety and efficacy of such Product in patients which are the subject of such trial and serve as the basis for initial or supplemental Marketing Approval of such Product, and (b) that satisfies the requirements of 21 CFR § 312.21(c) or its non-U.S. equivalents.

Section 1.130 "**Preclinical Development**" means, with respect to a particular Program, any research, preclinical and process development activities relating to a Program (including GLP Toxicology Studies, non-GLP toxicology studies, GMP manufacturing and non-GMP manufacturing), as set forth in the Preclinical Development Plan and up to and including the filing of an IND for a Product within such Program.

Section 1.131 "**Preclinical Development Plan**" means, the comprehensive plan, overall strategy and timelines, and any updates thereto, for the Preclinical Development of Products directed against the applicable Collaboration Target for a Program, including a description of the Preclinical Development activities; expected timelines; preclinical, manufacturing, regulatory, as well as product risk assessment planned activities; the Format for such Products; and issuance of the Final Report by CytomX to Amgen. The Preclinical Development Plan shall include, but not be limited to, a reasonably detailed description of the schedule of work activity and the responsibility therefor. As the circumstances may require, the JSC may propose from time to time amendments to the Preclinical Development Plan. For each Collaboration Target, the initial Preclinical Development Plan is as set forth on Exhibit C-2.

Section 1.132 "**Preclinical Development Term**" means, on a Program-by-Program basis, subject to the early termination of this Agreement, the period from the Effective Date until completion of the activities contemplated by the Preclinical Development Plan for such Program.

Section 1.133 "**Probody**" means an Antibody linked to a Substrate and a Mask that is derived from, based on or incorporates CytomX Platform Technology.

Section 1.134 "**Product**" means each of the Amgen Products, CytomX Products and EGFR Products, as well as any Additional Amgen Products.

Section 1.135 "**Program**" means on a Collaboration Target-by-Collaboration Target basis, any and all preclinical development, clinical development, manufacturing and commercialization activities with respect to the Products directed against such Collaboration Target.

Section 1.136 **"Public Official or Entity"** means (a) any officer, employee (including physicians, hospital administrators, or other healthcare professionals), agent, representative, department, agency, de facto official, representative, corporate entity, instrumentality or subdivision of any government, military or international organization, including any ministry or department of health or any state-owned or affiliated company or hospital, or (b) any candidate for political office, any political party or any official of a political party.

Section 1.137 "**Publishing Party**" has the meaning set forth in Section 12.3.

Section 1.138 "**Receiving Party**" has the meaning set forth in Section 12.1.1.

Section 1.139 "**Regulatory Authority**" means any Governmental Authority or other authority responsible for granting Marketing Approvals for Products, including the FDA, EMA and any corresponding national or regional regulatory authorities.

Section 1.140 "**Regulatory Exclusivity**" means, with respect to a Product, any exclusive marketing rights or data exclusivity rights conferred by the applicable Regulatory Authority with respect to such Product, other than a Patent Right.

Section 1.141 "**Regulatory Filing**" means any filing with any Governmental Authority with respect to the research, development, manufacture, distribution, pricing, reimbursement, marketing or sale of a Product.

Section 1.142 "**Release**" has the meaning set forth in Section 12.2.2.

Section 1.143 "**Reviewing Party**" has the meaning set forth in Section 12.2.2.

Section 1.144 "**Royalty Term**" has the meaning set forth in Section 7.5.2.

Section 1.145 "**Safety Matter**" means, with respect to the EGFR Target, a matter associated with the use of an EGFR Product that would [***].

Section 1.146 "**Sale Transaction**" has the meaning set forth in Section 14.8.

Section 1.147 "**Selling Party**" has the meaning set forth in Section 1.120.

Section 1.148 "**Share Purchase Agreement**" has the meaning set forth in the recitals.

Section 1.149 "[***]" means with respect to a given [***], a [***] in the [***] that in its [***] or [***], as reflected in such [***], at the [***] at the [***].

Section 1.150 "**Sublicensee(s)**" means a Third Party, other than a Third Party subcontractor, that has been granted a sublicense under the rights granted to a Party pursuant to Section 4.1, in accordance with Section 4.2.

Section 1.151 "**Substrate**" means a peptide linked to an Antibody and to a Mask, wherein such peptide is capable of being cleaved, reduced, photolyzed or otherwise separated.

Section 1.152 "**Target**" means an antigen expressed on or in a tumor cell. The Collaboration Targets are Targets.

Section 1.153 "**Termination Party**" means (a) Amgen, in the case of termination by (i) Amgen pursuant to Section 13.3.2 or (ii) CytomX pursuant to Section 13.2.1, and (b) CytomX, in the case of termination by (i) CytomX pursuant to Section 13.2.2 or (ii) Amgen pursuant to Section 13.3.1.

Section 1.154 "**Term**" has the meaning set forth in Section 13.1.

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

Section 1.156 "**The Regents**" has the meaning set forth in Section 1.163.

Section 1.157 "**Third Party**" means a Person other than (a) Amgen or any of its Affiliates and (b) CytomX or any of its Affiliates.

Section 1.158 "**Third Party Acquirer**" has the meaning set forth in Section 14.9.

Section 1.159 "**Third Party Claim**" has the meaning set forth in Section 10.1.1.

Section 1.160 "**Tools**" means any Patent Rights, Know-How, or other intellectual property right Covering methods, processes, materials and tools to the extent applicable to the discovery of Masks or Substrates, or assays of the activity relating to such discovery, including the cleavage of Substrates, thereof. A list of all Patent Rights with respect to Tools is set forth on Exhibit B-2.

Section 1.161 "**Third Party IP**" has the meaning set forth in Section 7.5.5.

Section 1.162 "[***]" means with respect to a Product a [***]; *provided*, *however*, that [***] the same [***] of [***] another, [***] if [***] are required [***] or [***]. For example, (a) [***] is a [***] from [***], (b) [***] is a [***] from [***], and (c) [***] is a [***] from [***], all to the extent that each [***] a [***] to [***] after an [***] in such [***] is [***]. For the avoidance of doubt, the Parties agree that [***] of [***] for the [***] shall not be [***].

Section 1.163 "**UCSB Agreement**" means the Exclusive License Agreement, dated August 19, 2010, between The Regents of the University of California acting through its Santa Barbara campus ("**The Regents**") and CytomX, as amended.

Section 1.164 "**UCSB Sublicense Agreement**" has the meaning set forth in the Recitals.

Section 1.165 "**U.S.**" means the United States of America and its territories and possessions.

Section 1.166 "**Valid Claim**" means a claim in an issued and unexpired Patent Right that has not been disclaimed, revoked, held unenforceable, unpatentable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and that has not been admitted to be invalid or unenforceable through re-examination, re-issue, disclaimer or otherwise, or lost in an interference proceeding; *provided*, *however*, that if a claim of a pending patent application within the Amgen Patents, CytomX Patents or Collaboration Patents shall not have issued within [***] years after the earliest filing date from which such claim takes priority, such claim shall not constitute a Valid Claim for the purposes of this Agreement unless and until a Patent Right issues with such claim (from and after which time the same would be deemed a Valid Claim).

ARTICLE 2. RESEARCH COLLABORATION

Section 2.1 Management.

2.1.1 **Overview.** Within [***] days after the Effective Date, the Parties shall establish a cross-functional, joint steering committee (the "**Joint Steering Committee**" or the "**JSC**") which shall manage the pre-clinical collaboration between the Parties.

2.1.2 **Alliance Managers.** Each of Amgen and CytomX shall appoint one representative who possesses a general understanding of development, regulatory, manufacturing and commercialization matters to act as its respective alliance manager(s) for this relationship (an "**Alliance Manager**"). Each Party may replace its respective Alliance Manager at any time upon written notice to the other in accordance with this Agreement. Any Alliance Manager may designate a substitute to temporarily perform the functions of that Alliance Manager. Each Alliance Manager shall be charged with creating and maintaining a collaborative work environment within the JSC. Consistent with the Preclinical Development Plan, each Alliance Manager will also be responsible for:

(a) providing a primary single point of communication responsible for seeking consensus both within the respective Party's organization and together regarding key strategy and plan issues;

(b) ensuring awareness of the governance procedures and rules set forth herein and monitoring compliance therewith; and

(c) identifying and raising disputes to the JSC for discussion in a timely manner.

The Alliance Managers shall have the right to attend all JSC and subcommittee meetings. In accordance with Section 2.1.3(c), each Alliance Manager may bring any matter to the attention of the JSC that such Alliance Manager reasonably believes requires the attention of the JSC. Within [***] days after the Effective Date, each Party shall appoint and notify the other Party in writing of the identity of such Party's representative to act as its Alliance Manager under this Agreement.

2.1.3 **Joint Steering Committee.**

(a) **Composition**. The JSC shall be comprised of [***] named representatives [***] (or such other number as the Parties may agree in writing) in addition to each Party's Alliance Manager who are members ex-officio. The JSC will be led by [***]. Within [***] days after the Effective Date, each Party shall designate by written notice to the other Party its initial representatives on the JSC. Each Party may replace one or more of its representatives, in its sole discretion, effective upon written notice to the other Party of such change. Each Party's representatives on the JSC, and any replacement for any such representative, shall be bound by the obligations of confidentiality set forth in Article 12.

(b) **Function and Powers of the JSC**. The JSC shall, consistent with the terms and conditions set forth in this Agreement:

(i) coordinate the Parties' activities under this Agreement;

(ii) define the Collaboration EGFR Budget as soon as practicable after the Effective Date for inclusion in the Preclinical Development Plan and EGFR Initial Development Plan;

(iii) define each Program, and prepare and approve (x) the Preclinical Development Plan for the Programs and any amendments thereto and, with respect to EGFR Products, create the EGFR Initial Development Plan and Collaboration EGFR Budget, and update each on an annual basis or as otherwise agreed upon by the Parties and (y) the EGFR Global Development Plan, or any amendments thereto, and review progress against the goals in such plans;

(iv) oversee the implementation of the Preclinical Development Plan, the EGFR Initial Development Plan and the EGFR Global Development Plan and review and serve as a forum for discussion of the results of the activities being carried out thereunder including, without limitation, the activities related to the Exploitation of each EGFR Product;

(v) discuss the Formats for the Products;

(vi) define and coordinate regulatory strategy for IND filing for the EGFR Product;

(vii) establish subcommittees or teams, as appropriate, as described more fully in Section 2.1.3(d) below;

(viii) direct and oversee any operating subcommittee or team;

(ix) resolve disputed matters that may arise at the subcommittees or teams;

(x) perform any and all tasks and responsibilities that are expressly attributed to the JSC under the Agreement; and

(xi) discuss activities to support CytomX's diligence efforts relating to the selection of the CytomX Target.

(c) **Meetings**.

(i) The JSC shall meet at least [***] per Calendar Quarter or more or less often as otherwise agreed by the Parties, with the location of such meetings alternating between locations designated by Amgen and locations designated by CytomX. The chairpersons of the JSC shall be responsible for calling meetings on reasonable prior notice. Each Party shall use reasonable efforts to make all proposals for agenda items and to provide all appropriate information with respect to such proposed items reasonably in advance of the applicable meeting. The Alliance Managers may suggest topics for the agenda for JSC meetings by forwarding such topics and relevant information to the JSC chairpersons. The chairpersons of the JSC shall prepare and circulate for review and approval of the Parties minutes of each meeting. The Parties shall agree on the minutes of each meeting as promptly as practicable following such meeting.

(ii) Representatives of the Parties on the JSC may attend meetings by telephone, videoconference or in person; *provided* that each participant in any meeting held by telephone or videoconference can hear what is said by, and be heard by, all other participants. At least [***] JSC meetings per [***] shall be held in person. A quorum of the JSC shall exist whenever there is present at a meeting at least [***] appointed by each Party.

(iii) As appropriate, and provided that not less than [***] days' prior written notice has been given to the other Party, other employees of the Parties may attend JSC meetings as observers, as well as Third Parties; *provided, however,* that a Party shall not bring a Third Party to a meeting without the other Party's prior consent; and *provided further, however*, that each such Third Party (x) shall not vote or otherwise participate in the decision-making process of the JSC, and (y) shall be bound by obligations of confidentiality and non-disclosure, and obligations to assign inventions, consistent with those set forth in Article 8 and Article 12.

(iv) Each Party may also call for special meetings of the JSC with reasonable prior written notice to the other Party (it being agreed that at least [***] days shall constitute reasonable notice) to resolve particular matters requested by such Party and within the decision-making responsibility of the JSC. Each Party shall be responsible for all of its own expenses incurred in connection with participating in all such meetings.

(d) **Subcommittees**. The JSC may establish and disband such subcommittees as deemed necessary by the JSC, including a joint research committee (the "**Joint Research Committee**" or the "**JRC**") and, if CytomX exercises the EGFR Co-Development Option pursuant to Section 4.5, a joint development committee or team with respect to the EGFR Products only (the "**Joint Development Committee**" or the "**JDC**"). Each such subcommittee shall consist of the same number of representatives designated by each Party, which number shall be mutually agreed by the Parties. Each Party shall be free to change its representatives on written notice to the other Party or to send a substitute representative to any subcommittee meeting. Each Party's representatives and any substitute for a representative shall be bound by the obligations of confidentiality set forth in Article 12. Except as expressly provided in this Agreement, no subcommittee shall have the authority to bind the Parties hereunder and each subcommittee shall report to the JSC. Each Party shall be responsible for all of its own expenses incurred in connection with participating in all such meetings. Any matters arising within a subcommittee that are not resolved by members of such subcommittee shall be submitted to the JSC for resolution as set forth in Section 2.1.5.

2.1.4 Cooperation. Each Party shall provide the JSC such information as required under this Agreement or as otherwise reasonably requested by the other Party and reasonably available to such Party to enable the other Party to perform its obligations under this Agreement, in each case relating to the progress against the goals or performance of activities under the Preclinical Development Plan, or with respect to EGFR Products, the EGFR Initial Development Plan, the EGFR Global Development Plan and other agreed upon activities with respect to EGFR Products.

2.1.5 Decisions. Other than as set forth herein, in order to make any decision required

of it hereunder, the JSC must have present (in person, by videoconference or telephonically) [***]. Decisions of the JSC shall [***], with each Party having [***]. If a dispute arises that cannot be resolved by a subcommittee, the Alliance Manager of either Party may cause such dispute to be referred to the JSC for resolution. If the JSC [***] or a dispute arises that cannot be resolved within the JSC (whether the matter originated at the JSC or within a subcommittee), the JSC representatives of either Party may cause such dispute to be referred to the Executive Officers for resolution. Such officers (or their designees) will in good faith seek to resolve the matter within [***] days after the matter has been referred to them, or within such longer time periods as the Parties may mutually agree upon. In the event that [***] with respect to a decision after a meeting of the Executive Officers, then the decision will be made as follows:

(a) [***] shall decide matters with respect to [***] including, for clarity, [***];

(b) [***] shall decide matters with respect to [***]; and

(c) With respect to the [***]:

(i) [***] shall decide matters with respect to [***] through the [***], other than [***], which shall be decided by [***]; and

(ii) [***] shall decide matters arising with respect to [***] *provided*, *however*, that [***] shall not have the power to resolve any such matters in a manner that would [***] to [***] of [***] of the [***] in the [***] for [***] or to [***] or [***] with respect to [***].

2.1.6 **Exceptions.** Notwithstanding the foregoing, [***] in [***] its [***] to [***] pursuant to Section 2.1.5 shall have [***] to [***].

2.1.7 **Authority.** The JSC and any subcommittee shall have only the powers assigned expressly to it in this Article 2 and elsewhere in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, 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 or vested in the JSC or subcommittee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing.

2.1.8 **Discontinuation of JSC.** The JSC shall continue to exist until the first to occur of (a) the Parties mutually agreeing to disband the JSC or (b) the later of (i) completion by the Parties of all of the activities assigned to it under the Preclinical Development Plan or EGFR Initial Development Plan and (ii) the [***] of the filing of an IND for all Programs. Notwithstanding the foregoing, if CytomX exercises the EGFR Co-Development Option, the JSC shall continue to exist until termination of this Agreement with respect to the EGFR Target.

ARTICLE 3. PRECLINICAL DEVELOPMENT ACTIVITIES

Section 3.1 **Preclinical Development of Products.** Within [***] days of the Effective Date, each Party shall commence Preclinical Development activities assigned to it under the Preclinical Development Plan. During the Preclinical Development Term, each Party shall use its Commercially Reasonable Efforts to conduct its Preclinical Development activities for the Products in accordance with the Preclinical Development Plan. Except as set forth herein with respect to EGFR Target, [***] with

respect to the [***] for the [***]. With respect to the EGFR Target, costs with respect to Preclinical Development shall be borne by the Parties in accordance with Section 7.3 and consistent with the Collaboration EGFR Budget. Amgen shall reasonably cooperate with CytomX to enable CytomX to select the CytomX Target pursuant to Section 1.61, including, without limitation, by providing diligence information reasonably requested by CytomX. The Preclinical Development Plan will, among other activities, provide for the Parties to conduct activities necessary to select the appropriate Format for each Product.

Section 3.2 Subcontracting. Each Party may engage its Affiliates, or Third Party subcontractors (including contract research organizations and contract manufacturing organizations) to perform certain of its obligations under this Agreement; *provided, however*, that with respect to [***]. Any Third Party subcontractor to be engaged by a Party to perform such Party's obligations set forth in this Agreement will meet the qualifications typically required by such Party for the performance of work similar in scope and complexity to the subcontracted activity. The activities of any such Third Party subcontractors will be considered activities of such subcontracting Party under this Agreement. The subcontracting Party will be responsible for ensuring compliance by any such Third Party subcontractors with the terms of this Agreement, as if such Third Party(ies) are such Party hereunder. Each subcontracting Party will, and will contractually require that its Affiliates and subcontractors, if any, conduct the relevant Preclinical Development activities in accordance with such subcontracting Party's commitments with respect to such Program.

Section 3.3 Data. During the Preclinical Development Term, CytomX shall, at Amgen's written request, promptly make available to Amgen all data generated under the Preclinical Development Plan by CytomX and its Affiliates or on their behalf, related to any and all Programs, as well as all data generated under the EGFR Initial Development Plan. During the Preclinical Development Term, Amgen shall, at CytomX's written request, promptly make available to CytomX all data generated under the Preclinical Development Plan by Amgen and its Affiliates or on their behalf, related to any and all Programs, as well as all data generated under the EGFR Initial Development Plan. Additionally, each Party shall provide to the other Party all other data generated by such Party and its Affiliates or on their behalf related to any and all Programs, to the extent necessary for the other Party to provide any support expressly requested by such Party under this Agreement or as otherwise reasonably required for a Party to perform its obligations or exercise its rights under this Agreement. With respect to the EGFR Program, a Party may provide such data to the other Party via the JSC.

Section 3.4 Exclusivity.

3.4.1 During the Term, [***], itself or through its Affiliates, shall not [***] of [***] or [***], or [***] or [***] any [***] to [***] or [***] the [***] the [***] (a) [***] or (b) [***]. The foregoing restriction shall [***] on a [***] the [***] with respect to [***].

3.4.2 During the period beginning on the [***] and [***] (or, [***] the [***] of [***] with respect to [***]), [***], itself or through its Affiliates, shall not [***] of [***] or [***], or [***] or any [***] to [***] or [***], the [***] the [***] the [***] of [***] that [***] the [***] and [***].

Section 3.5 Material Transfer. To facilitate the Preclinical Development, either Party may provide to the other Party certain materials (including biological materials or chemical compounds), owned by or licensed to the supplying Party for use by the other Party in furtherance of Preclinical Development (such materials provided hereunder are referred to, collectively, as "**Materials**"). Except as otherwise expressly provided under this Agreement, all such Materials delivered to the other Party shall

remain the sole property of the supplying Party, shall be used only in furtherance of the exercise of rights or performance of obligations under this Agreement and in accordance with this Agreement and solely under the control of the other Party, shall not be used or delivered to or for the benefit of any Third Party, except for permitted subcontractors as set forth in Section 3.2, without the prior written consent of the supplying Party, and shall not be used in research or testing involving human subjects or in animals intended for food use, in each case unless otherwise specifically contemplated hereunder), and will be used in compliance with all applicable Laws. The provision of Materials to the receiving Party hereunder does not grant such Party any rights other than those specifically granted in this Agreement. Delivery of the Materials shall be FCA (the supplying Party's facilities) Incoterms 2010. The receiving Party shall bear all responsibility for the shipped Materials thereafter, [***]. The receiving Party shall be responsible for any and all consents, approvals, authorizations or other permits necessary for the use, handling, transfer, and/or storage of the Materials. The receiving Party shall: (a) receive the Materials; (b) promptly notify the supplying Party when the Materials have been received; and (c) forward to the supplying Party any applicable chain of custody forms, in-transport temperature record(s) and receipt verification documentation and such other documentation reasonably requested by the supplying Party. The receiving Party shall be responsible for import clearance (including preparing any necessary documentation with respect thereto) and making entry of shipment. The supplying Party shall provide the relevant shipping documentation, pro forma invoice and airway bill, together with such other documentation necessary for the use, handling, transfer, and/or storage of the Materials. The Materials supplied under this Section 3.5 are supplied "as is" and must be used with prudence and appropriate caution in any experimental work, since not all of their characteristics may be known. Except as expressly set forth herein, THE MATERIALS ARE WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE OR ANY WARRANTY THAT THE USE OF THE MATERIALS WILL NOT INFRINGE OR VIOLATE ANY PATENT OR OTHER PROPRIETARY RIGHTS OF ANY THIRD PARTY, EXCEPT AS SET FORTH IN ARTICLE 9. During the Preclinical Development Term, for record-keeping purposes, the Parties shall compile a list (that shall include the type of material, quantity, shipping date and any other relevant details) on a Calendar Quarter-by-Calendar Quarter basis setting forth the Materials provided to/from each Party, which document shall be signed by an authorized representative of each Party. For clarity, this Section 3.5 shall apply during the Preclinical Development Term only, after which the Parties will enter into an appropriate material transfer agreement with respect to any transfer of Materials, which agreement will be subject to this Agreement and will be interpreted consistent with the terms hereof.

ARTICLE 4. LICENSE GRANT

Section 4.1 License Grant.

4.1.1 Preclinical Licenses.

(a) On a Collaboration Target-by-Collaboration Target basis, during the applicable Preclinical Development Term, CytomX hereby grants to Amgen a non-exclusive, worldwide, royalty-free right under CytomX IP solely to conduct Preclinical Development as contemplated under the applicable Preclinical Development Plan.

(b) On a Collaboration Target-by-Collaboration Target basis, during the applicable Preclinical Development Term, Amgen hereby grants to CytomX a non-exclusive, worldwide, royalty-free right under Amgen IP solely to conduct Preclinical Development as contemplated under the applicable

Preclinical Development Plan.

4.1.2 License Grant to Amgen. Subject to the terms and conditions of this Agreement, CytomX hereby grants to Amgen (a) an exclusive (even as to CytomX and its Affiliates, except as expressly set forth herein and subject to CytomX and its Affiliates retaining the non-exclusive rights reasonably necessary or useful to perform CytomX's obligations under the Preclinical Development Plan), royalty-bearing, sublicenseable (but only in accordance with Section 4.2), license under the CytomX Patents and CytomX's interest in the Collaboration Patents and (b) a non-exclusive, royalty bearing, sublicenseable (but only in accordance with Section 4.2) license under the CytomX Licensed Know-How and CytomX's interest in the Collaboration Know-How, in each case, to Exploit Amgen Products and EGFR Products in the Licensed Field in the Territory during the Term. Notwithstanding the foregoing, the CytomX Licensed Know-How and Collaboration Know-How shall be sublicenseable only in connection with the rights of Amgen with respect to Amgen Products and EGFR Products and not with respect to any other products or services.

4.1.3 License Grant to CytomX. Subject to the terms and conditions of this Agreement, Amgen hereby grants to CytomX (a) an exclusive (even as to Amgen and its Affiliates, except as expressly set forth herein and subject to Amgen and its Affiliates retaining the non-exclusive rights reasonably necessary or useful to perform Amgen's obligations under the Preclinical Development Plan), royalty-bearing, sublicenseable (but only in accordance with Section 4.2), license under the Amgen Patents and Amgen's interest in the Collaboration Patents and (b) a non-exclusive, royalty bearing, sublicenseable (but only in accordance with Section 4.2) license under the Amgen Licensed Know-How and Amgen's interest in the Collaboration Know-How, in each case, to carry out CytomX's responsibilities under the EGFR Initial Development Plan and the EGFR Global Development Plan (if applicable) and to Exploit CytomX Products in the Licensed Field in the Territory during the Term. Notwithstanding the foregoing, the Amgen Licensed Know-How and Collaboration Know-How shall be sublicenseable only in connection with the rights of CytomX with respect to EGFR Products and CytomX Products and not with respect to any other products or services.

4.1.4 Limitation. Notwithstanding anything to the contrary in this Agreement, in no event shall Amgen, in performing activities under this Agreement, make any Mask or Substrate, or conduct any Preclinical Development or development activities that involve attaching a Mask or Substrate to an Antibody or other Bispecific Product that is directed against a Collaboration Target, analyzing or optimizing Masks or Substrates, or modifying any Mask or Substrate (such activities, the "**Mask/Substrate Activities**") as enabled by CytomX Platform Technology. For clarity, Mask/Substrate Activities includes any activities related to development, manufacturing, regulatory or related activities, in each case solely related to Masks or Substrates. CytomX shall have the sole right, as between the Parties, to conduct all Mask/Substrate Activities for Products unless the Parties otherwise agree in writing.

Section 4.2 Sublicenses.

4.2.1 Sublicenses by Amgen. Amgen and its Affiliates shall have the right, without the prior consent of CytomX, to grant one or more sublicenses under the licenses granted to Amgen under Section 4.1, in full or in part, by means of written agreement to Affiliates or Third Parties (with the right to sublicense through multiple tiers); *provided, however*, that as a condition precedent to and requirement of any such sublicense: (a) any such permitted sublicense shall be consistent with and subject to the terms and conditions of this Agreement; and (b) Amgen will continue to be responsible for full performance of

Amgen's obligations under the Agreement and will be responsible for all actions of such Sublicensee as if such Sublicensee were Amgen hereunder. Amgen shall notify CytomX if Amgen grants to a Third Party a sublicense to develop and/or commercialize EGFR Products, specifying the identity of such Third Party and the scope and territory of such sublicense.

4.2.2 **Sublicenses by CytomX**. CytomX and its Affiliates shall have the right, without the prior consent of Amgen, to grant one or more sublicenses under the licenses granted to CytomX under Section 4.1, in full or in part, by means of written agreement to Affiliates or Third Parties (with the right to sublicense through multiple tiers); *provided, however*, that as a condition precedent to and requirement of any such sublicense: (a) any such permitted sublicense shall be consistent with and subject to the terms and conditions of this Agreement; and (b) CytomX will continue to be responsible for full performance of CytomX's obligations under the Agreement and will be responsible for all actions of such Sublicensee as if such Sublicensee were Amgen hereunder.

Section 4.3 Transfer of Know-How. As promptly as practicable following the Effective Date, the Parties shall agree on processes for the transfer of other Amgen Licensed Know-How and other CytomX Licensed Know-How to the extent such Know-How is reasonably necessary to the other Party to perform its obligations or exercise its rights under this Agreement, and each Party shall transfer such Know-How to the other Party.

Section 4.4 Amgen Expansion Option.

4.4.1 Until the [***] anniversary of the Effective Date, Amgen shall have the right to elect to select up to two (2) additional Targets (each an "**Additional Amgen Target**") for inclusion under this Agreement, exercisable upon [***] days' prior notice (the "**Amgen Expansion Option**").

4.4.2 CytomX and the Gatekeeper shall maintain an up-to-date list of Targets that are not Available until the [***] or, as applicable, until the time period for the process of nomination and qualification of proposed Additional Amgen Targets expires pursuant to this Section 4.4.2. To nominate an Additional Amgen Target, Amgen shall provide the Gatekeeper and CytomX a notice of exercise of the Amgen Expansion Option, and in its notice to the Gatekeeper, Amgen shall specify its proposed Additional Amgen Target(s). The Gatekeeper shall provide written notice to CytomX and Amgen within [***] days of receipt thereof as to whether such proposed Additional Amgen Target(s) is Available. If the Gatekeeper determines that a proposed Additional Amgen Target is Available, then CytomX shall so notify Amgen and Amgen shall pay to CytomX the Amgen Expansion Option fee in accordance with Section 7.2. If any such proposed Additional Amgen Target is determined by the Gatekeeper not to be Available, then Amgen shall have the option to continue to nominate another proposed Additional Amgen Target until up to two (2) Additional Amgen Targets nominated by Amgen are determined to be Available, it being understood that the process of nomination and qualification of proposed Additional Amgen Targets may extend beyond [***] as long as Amgen exercised the Amgen Expansion Option prior to such [***]; *provided* that if the process of selection and qualification of proposed Additional Amgen Targets extends beyond the [***], and if the Gatekeeper provides written notice to Amgen that a proposed Additional Amgen Target is not Available pursuant to this Section 4.4.2, Amgen must propose another Amgen Additional Target, if any, within [***] days after receiving such notice, and *provided, further*, that in no event shall Amgen's right to propose any Additional Amgen Target extend beyond the date that is [***] days after the [***]. The JSC shall within [***] days after the Gatekeeper confirms that the relevant Additional Amgen Target(s) is Available generate a Preclinical Development Plan for such Additional Amgen Target(s) in accordance with Section 2.1.3(b), *provided* that CytomX's obligations under such

Preclinical Development Plan shall not be materially different in nature than CytomX's obligations under the Preclinical Development Plan for the initial Amgen Target. Bi-Specific Products directed against such Additional Amgen Target and [***], having Formats selected pursuant to activities under the Preclinical Development Plan, shall be referred to as "**Additional Amgen Products**", and the terms of this Agreement that apply to Amgen Products and the Amgen Target shall also apply to each Additional Amgen Target (and corresponding Additional Amgen Products), *mutatis mutandis*, on an Additional Amgen Target-by-Additional Amgen Target basis. For the avoidance of doubt, from and after Amgen's exercise of the Amgen Expansion Option with respect to an Additional Amgen Target, the definition of "**Amgen Target**" shall be expanded to include such Additional Amgen Target, and the definition of "**Amgen Product**" shall be expanded to include all such Additional Amgen Products.

Section 4.5 EGFR Co-Development Option. From the EGFR Cohort Expansion Study Completion until the date that is [***] days thereafter (the "**EGFR Co-Development Option Period**"), CytomX shall have the right to elect to participate in the global co-development of EGFR Products with Amgen, exercisable upon written notice provided to Amgen during such EGFR Co-Development Option Period (the "**EGFR Co-Development Option**"). If CytomX so exercises its EGFR Co-Development Option, the provisions set forth in Section 7.3.3 and Exhibit E hereto regarding profit and loss sharing shall apply to EGFR Products in the U.S.

Section 4.6 No Other Rights No right or license under any Patent Rights or other intellectual property rights of a Party is granted or shall be granted by implication to the other Party, and each Party covenants not to practice or use any Patent Rights or other intellectual property rights of the other Party except pursuant to the licenses expressly granted in this Agreement or any other written agreement between the Parties. All such rights or licenses are or shall be granted only as expressly provided in the terms of this Agreement.

ARTICLE 5. REGULATORY MATTERS

Section 5.1 Amgen Responsibilities. Except as provided under Section 5.2, Amgen will be solely responsible for the preparation, submission and maintenance of all Regulatory Filings and obtaining all Marketing Approvals with respect to Amgen Products and EGFR Products. CytomX will cooperate with Amgen, at Amgen's reasonable request, with respect to any regulatory matters related to Amgen Products and EGFR Products for which Amgen is responsible hereunder. Except as provided under Section 5.2, Amgen will own all right, title and interest in and to any and all Regulatory Filings and Marketing Approvals directed to Amgen Products and EGFR Products and all such Regulatory Filings and Marketing Approvals will be held in the name of Amgen or its designee, and CytomX will execute all documents and take all actions as are reasonably requested by Amgen to vest such title in Amgen or such designee, as applicable.

Section 5.2 CytomX Responsibilities. CytomX will be solely responsible for (a) the preparation, submission and maintenance of all Regulatory Filings and obtaining all Marketing Approvals with respect to CytomX Products and (b) notwithstanding anything to the contrary in Section 5.1 and subject to Section 2.1.3(b), the preparation, submission and maintenance of the IND for the first EGFR Product (the "**First EGFR Product IND**"). Amgen will cooperate with CytomX, at CytomX's reasonable request, with respect to any regulatory matters related to CytomX Products and EGFR Products for which CytomX is responsible hereunder. CytomX will own all right, title and interest in and to (i) any and all Regulatory Filings and Marketing Approvals directed to CytomX Products and (ii) the First EGFR Product IND; *provided* that CytomX shall transfer the First EGFR Product IND to Amgen within [***] days after

the EGFR Cohort Expansion Study Completion. All such Regulatory Filings and Marketing Approvals in (i) and (ii) will be held in the name of CytomX or its designee, and Amgen will execute all documents and take all actions as are reasonably requested by CytomX to vest such title in CytomX or its designee, as applicable. Notwithstanding the foregoing, with respect to EGFR Products, if requested by CytomX, Amgen shall provide for one (1) representative to be present at any meetings that CytomX may have with Regulatory Authorities. CytomX shall promptly provide Amgen with copies of any material correspondence with Regulatory Authorities and Amgen shall be entitled to review and comment on such correspondence.

Section 5.3 Regulatory Updates. Amgen shall keep CytomX reasonably informed of all material regulatory developments relating to Amgen Products and EGFR Products for which Amgen is responsible hereunder, and CytomX shall keep Amgen reasonably informed of all material regulatory developments relating to CytomX Products and EGFR Products during the time in which CytomX is responsible therefor hereunder, in each case in the Territory through the annual development reports under Section 6.3.

Section 5.4 Pharmacovigilance. Reasonably prior to any Party's Initiation of any clinical study of any Product, the Parties shall define and allocate each Party's responsibilities with respect to pharmacovigilance activities for each type of Product and, if the Parties deem necessary, enter into a written agreement with the respect to the same (the "**Pharmacovigilance Agreement**"). These responsibilities shall include adhering to mutually acceptable guidelines and procedures for the receipt, investigation, recording, communication, and exchange (as between the Parties) of adverse event reports, pregnancy reports, and any other information concerning the safety and benefit-risk profile of the Products. Such guidelines and procedures shall be in accordance with, and enable the Parties and their Affiliates to fulfill, local and international regulatory reporting obligations to Governmental Authorities. Furthermore, such agreed procedures shall be consistent with relevant International Conference on Harmonisation (of Technical Requirements for Registration of Pharmaceuticals for Human Use) (ICH) guidelines, except where in terms of reporting said guidelines may conflict with existing local regulatory safety reporting requirements, in which case local reporting requirements shall prevail. To the extent the Parties enter into a Pharmacovigilance Agreement, each Party hereby agrees to comply with its respective obligations under the Pharmacovigilance Agreement (as the Parties may agree to modify it from time to time) and to cause its Affiliates and Sublicensees to comply with such obligations.

Section 5.5 Right of Reference. Each Party shall have the right to cross-reference, file or incorporate by reference any Regulatory Filing and any data contained therein made by the other Party for any Product that is reasonably necessary to support Regulatory Filings that the first Party is permitted to make under this Agreement and to enable such first Party to fulfill its obligations or exercise its rights under this Agreement; *provided*, *however*, a Party shall not have the right to access directly such other Party's manufacturing, device or other proprietary information within such Regulatory Filing or data.

ARTICLE 6. DEVELOPMENT, MANUFACTURE AND COMMERCIALIZATION MATTERS

Section 6.1 General.

6.1.1 Amgen Products. Following the Effective Date and at all times during the Term (except with respect to Preclinical Development activities conducted by each Party pursuant to the Preclinical Development Plan), Amgen shall be responsible for, and shall bear all costs associated with, the development, manufacture and commercialization of Amgen Products, including development, distribution, marketing and sales activities. For clarity, after completion of the Preclinical Development

Plan, Amgen shall continue to have the right to conduct preclinical development with respect to all Amgen Products. Subject to the terms of this Agreement, [***]. Following the Effective Date and during the [***] day period following expiration of the Preclinical Development Term, CytomX will promptly transfer to Amgen all CytomX Licensed Know-How as is reasonably necessary or useful for Amgen to develop and seek Marketing Approval for the Amgen Products, including all materials for supporting regulatory filings consistent with Amgen's obligations under Article 5.

6.1.2 CytomX Products. Following the Effective Date and at all times during the Term (except with respect to Preclinical Development activities conducted by each Party pursuant to the Preclinical Development Plan), CytomX shall be responsible for, and shall bear all costs associated with, the development, manufacture and commercialization of CytomX Products, including development, distribution, marketing and sales activities. For clarity, after completion of the Preclinical Development Plan, CytomX shall continue to have the right to conduct preclinical development with respect to all CytomX Products. Subject to the terms of this Agreement, [***]. Following the Effective Date and during the [***] day period following expiration of the Preclinical Development Term, Amgen will promptly transfer to CytomX all Amgen Licensed Know-How as is reasonably necessary or useful for CytomX to develop and seek Marketing Approval for the CytomX Products, including all materials for supporting regulatory filings consistent with CytomX's obligations under Article 5.

6.1.3 EGFR Products. Following the Effective Date and at all times during the Term (except with respect to Preclinical Development and clinical activities conducted by each Party pursuant to the Preclinical Development Plan and EGFR Initial Development Plan, and except as set forth in clauses (a) and (b) below), Amgen shall be responsible for, and shall bear all costs associated with, the development, manufacture and commercialization of EGFR Products, including development, distribution, marketing and sales activities. For clarity, after completion of the Preclinical Development Plan, and notwithstanding any activities conducted by CytomX pursuant to the EGFR Initial Development Plan, Amgen shall continue to have the right to conduct preclinical and clinical development with respect to all EGFR Products. Subject to the terms of this Agreement, [***]. After completion of CytomX's activities as set forth in the Preclinical Development Plan and EGFR Initial Development Plan, CytomX will promptly transfer to Amgen all CytomX Licensed Know-How as is reasonably necessary or useful for Amgen to develop and seek Marketing Approval for the EGFR Products, including all materials for supporting regulatory filings consistent with Amgen's obligations under Article 5. Notwithstanding the foregoing:

(a) CytomX shall be responsible for conducting any EGFR Dose Escalation Study and any EGFR Cohort Expansion Study pursuant to the EGFR Initial Development Plan, with costs borne by the Parties in accordance with Section 7.3.2.

(b) At least [***] days prior to the anticipated EGFR Cohort Expansion Study Completion and subject to Section 4.5, the JSC shall agree on a global development plan for EGFR Products (the "**EGFR Global Development Plan**"), which shall include a description of development, clinical, manufacturing and regulatory activities up to receipt of Marketing Approval for an EGFR Product, and related expected timelines therefor. The EGFR Global Development Plan shall also include, but not be limited to, a reasonably detailed description of the schedule of work activities, the responsibility for the work activities and an associated budget. As the circumstances may require, the JSC may propose from time to time amendments to the EGFR Global Development Plan in accordance with Section 2.1.3.

Section 6.2 Diligence. Amgen shall (directly and/or through one or more Affiliates and/or Sublicensees) use Commercially Reasonable Efforts to develop, seek Marketing Approval of and commercialize at least one (1) Amgen Product and one (1) EGFR Product in the Territory. CytomX shall (directly and/or through one or more Affiliates and/or Sublicensees) use Commercially Reasonable Efforts to (a) develop, seek Marketing Approval of and commercialize at least one (1) CytomX Product in the Territory, and (b) carry out its obligations hereunder (including in the event CytomX exercises the EGFR Co-Development Option) with respect to EGFR Products. Each Party shall use Commercially Reasonable Efforts to carry out its obligations under the Preclinical Development Plan and, in the case of CytomX, the EGFR Initial Development Plan.

Section 6.3 Reports. During the Term until such Product receives Marketing Approval, Amgen shall provide CytomX with (a) reports [***] per Calendar Year of the status of Amgen's and its Affiliates' and Sublicensees' activities related to the Exploitation of each Amgen Product [***] and (b) updates to the JSC [***] per Calendar Quarter of the status of Amgen's and its Affiliates' and Sublicensees' activities related to the Exploitation of each EGFR Product [***]; *provided, however,* that if CytomX does not exercise the EGFR Co-Development Option, Amgen shall provide to CytomX reports of the status of such activities related to the Exploitation of each EGFR Product in the manner described in Section 6.3(a). All reports and other Information provided by Amgen under this Section 6.3 will be Amgen's Confidential Information subject to the terms of Article 12. During the Term until a CytomX Product receives Marketing Approval, CytomX shall provide Amgen with reports [***] per Calendar Year of the status of CytomX's and its Affiliates' and Sublicensees' activities related to the Exploitation of CytomX Products [***]. All reports and other Information provided by Amgen under this Section 6.3 will be CytomX's Confidential Information subject to the terms of Article 12.

ARTICLE 7. FEES, ROYALTIES, & PAYMENTS

Section 7.1 Upfront Payment. As partial consideration for the rights granted by CytomX to Amgen pursuant to the terms of this Agreement, for access to the CytomX Platform Technology and CytomX undertaking its responsibilities under this Agreement, Amgen shall pay to CytomX a non-refundable, non-creditable payment equal to Forty Million Dollars ($40,000,000) within [***] days after the Effective Date. Amgen shall also purchase the CytomX Common Stock pursuant to Section 2.1 of the Share Purchase Agreement.

Section 7.2 Amgen Expansion Option. In the event that Amgen exercises the Amgen Expansion Option pursuant to Section 4.4 with respect to an Additional Amgen Target, Amgen shall pay CytomX a one-time, non-refundable and non-creditable option exercise payment of [***] for each such Additional Amgen Target that becomes an Amgen Target pursuant to Section 4.4, within [***] days after CytomX provides Amgen with written confirmation that the proposed Additional Amgen Target is Available pursuant to Section 4.4.

Section 7.3 EGFR Costs.

7.3.1 EGFR Preclinical Development Costs. With respect to the EGFR Target, upon approval by the JSC of the Preclinical Development Plan, CytomX shall be responsible for (a) [***] of CytomX's out-of-pocket costs and expenses for Preclinical Development (other than for the conduct of GLP Toxicology Studies), and (b) [***] of CytomX's out-of-pocket costs expenses incurred to conduct the GLP Toxicology Studies. Amgen shall be responsible for [***] and [***] Preclinical Development, as well as [***] of [***] and [***] and [***] and [***] for [***] to the [***] the [***] in this Section 7.3.1. CytomX shall have the right to invoice Amgen for such [***] described in the immediately

preceding sentence, and Amgen shall pay such amounts within [***] days after receipt of such invoice. For clarity, [***] of a Party with respect to activities under the Preclinical Development Plan [***]. For clarity, other than with respect to the Parties' obligations under this Section 7.3.1 or as expressly set forth in Sections 7.3.2 and 7.3.3, Amgen shall be responsible for, and shall bear all costs associated with, the development and commercialization of the Amgen Products and the EGFR Products and CytomX shall be responsible for, and shall bear all costs associated with, the development and commercialization of the CytomX Products.

7.3.2 Certain CytomX EGFR Costs. CytomX shall be responsible for the costs and expenses of the Parties (i.e., [***]) with respect to the first EGFR Dose Escalation Study and the first EGFR Cohort Expansion Study; *provided, however,* that CytomX shall only be responsible for any such costs and expenses incurred in relation to the first [***] patients in the EGFR Dose Escalation Study and first [***] patients in the EGFR Cohort Expansion Study, and Amgen shall be responsible for any such costs and expenses incurred in relation to any additional patients above such amounts in each such study to the extent the inclusion of such additional patients is consistent with the EGFR Initial Development Plan approved by the JSC or as otherwise agreed by the Parties.

7.3.3 EGFR Product U.S. Profit Share. Upon exercise by CytomX of the EGFR Co-Development Option, the provisions of Exhibit E shall apply to the Parties, including with respect to annual Net Sales of EGFR Products in the U.S. in lieu of the royalty provision in Section 7.5.3(c), which for clarity shall still apply to annual Net Sales of EGFR Products in the Territory other than the U.S.

Section 7.4 Milestone Payments.

7.4.1 Amgen Products. On an Amgen Target-by-Amgen Target basis, Amgen shall pay to CytomX one-time milestone payments ("**Milestone Payments**") following the first occurrence of the corresponding milestone events ("**Milestone Events**") with respect to an Amgen Product directed against a distinct Amgen Target and [***] for which such Milestone Event is achieved, as set forth in the following tables:

Development and Regulatory Milestone Events

Milestone Event	Milestone Payment		
	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

Commercial Milestone Events

Milestone Event	**Milestone Payment**
[***]	[***]
[***]	[***]

* Payable on an On an Amgen Target-by-Amgen Target basis for Amgen Products directed against a distinct Amgen Target and [***].

7.4.2 CytomX Products. CytomX shall pay to Amgen one-time Milestone Payments following the first occurrence of the corresponding Milestone Events with respect to CytomX Products, as set forth in the following tables:

Development and Regulatory Milestone Events

Milestone Event	**Milestone Payment**		
	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

Commercial Milestone Events

Milestone Event	**Milestone Payment**
[***]	[***]

Milestone Event	Milestone Payment
[***]	[***]

7.4.3 **EGFR Products.** Amgen shall pay to CytomX one-time Milestone Payments following the first occurrence of the corresponding Milestone Events with respect to EGFR Products, as applicable, as set forth in the following tables:

Development and Regulatory Milestone Events

Milestone Event	Milestone Payment		
	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]

Commercial Milestone Events

Milestone Event	Milestone Payment
[***]	[***]
[***]	[***]

7.4.4 If a Milestone Event is achieved prior to the achievement of the preceding Milestone Event set forth in the relevant chart (i.e., if a lower-listed Milestone Event is achieved before a

Milestone Event that is listed higher up in the relevant chart), then upon achievement of the relevant Milestone Event, all preceding Milestone Events set forth in the relevant chart shall become due and payable; *provided, however*, that a Milestone Payment in respect of a Milestone Event for [***] shall only be paid upon achievement of [***], as applicable, and not earlier, notwithstanding the order in which it is listed on the chart. For example, if the [***] prior to the [***] for such [***] set forth in the relevant chart to be paid upon [***] shall be paid at the same time as is the [***] to be paid upon [***]. Furthermore, if a given [***], but the [***], the amount payable to a Party upon [***] for [***] for the [***] shall become due (and all amounts for Milestone Events that have not yet been paid for [***] that precede the Milestone Payment due upon [***] for [***] shall also become payable upon [***]. For a particular Program, the Paying Party shall pay to the non-Paying Party the applicable Milestone Payment in the manner described below after the first occurrence of such applicable Milestone Event with respect to a Product with such Program. For clarity, each Milestone Payment is payable only once with respect to a given Collaboration Target. The maximum amount payable for Amgen Products under this Section 7.4 is [***] Amgen Product directed against a distinct Amgen Target and [***] (i.e., up to [***] Amgen Products, if Amgen exercises the Amgen Expansion Option for two (2) Additional Amgen Targets). For CytomX Products, the maximum amount payable under this Section 7.4 is Two Hundred Three Million Dollars ($203,000,000). For EGFR Products, the maximum amount payable under this Section 7.4 is Four Hundred Fifty-Five Million Dollars ($455,000,000). No Milestone Payment shall be payable for subsequent or repeated achievements of such Milestone Event with one or more of the same or different Products directed against a distinct Collaboration Target within a Program. Each of the Milestone Payments shall be non-refundable and non-creditable. The Paying Party shall report to the non-Paying Party its achievement of each Milestone Event for which payment to the non-Paying Party is due, reasonable promptly after the Paying Party determines such achievement has occurred, but in no event later than [***] days after such achievement of such Milestone Event, and the non-Paying Party shall invoice the Paying Party for the applicable Milestone Payment. The Paying Party will pay each such invoice within [***] days of its receipt thereof.

Section 7.5 Royalties.

7.5.1 Royalties. Subject to the provisions of this Section 7.5 (including Section 7.5.3(c)), Amgen shall pay to CytomX, with respect to Amgen Products and EGFR Products, and CytomX shall pay to Amgen, with respect to CytomX Products, on a Product-by-Product and country-by-country basis, royalties on annual Net Sales of Amgen Products, EGFR Products or CytomX Products, as applicable, during the applicable Royalty Term, calculated as set forth in Section 7.5.3. Royalties will be payable on a Calendar Quarter-by-Calendar Quarter basis and any such payments shall be made within [***] days after the end of the Calendar Quarter during which the applicable Net Sales of Amgen Products, EGFR Products or CytomX Products, as applicable, occurred.

7.5.2 Royalty Term. A Party's obligation to pay royalties with respect to a Product in a particular country shall commence upon the First Commercial Sale of such Product in such country and shall expire on a country-by-country and Product-by-Product basis on the latest of (a) [***] on [***] of the [***] (i) [***] or [***] or (ii) [***] or [***], (b) [***] for [***] and (c) the twelfth (12th) anniversary of the First Commercial Sale of such Product in such country (the "**Royalty Term**").

7.5.3 Royalty Rates. The royalty rates payable under Section 7.5.1 shall be calculated as follows:

(a) With respect to Amgen Products:

Aggregate Annual Net Sales of an Amgen Product	Royalty Rate
Portion of aggregate annual Net Sales less than $[***]	[***]%
Portion of aggregate annual Net Sales greater than or equal to $[***] and less than $[***]	[***]%
Portion of aggregate annual Net Sales greater than or equal to $[***] and less than $[***]	[***]%
Portion of aggregate annual Net Sales greater than or equal to $[***]	[***]%

*Such royalties shall be calculated on an Amgen Target-by-Amgen Target basis for Amgen Products directed against a distinct Amgen Target and [***].

(b) With respect to CytomX Products:

Aggregate Annual Net Sales of a CytomX Product	Royalty Rate
Portion of aggregate annual Net Sales less than $[***]	[***]%
Portion of aggregate annual Net Sales greater than or equal to $[***] and less than $[***]	[***]%
Portion of aggregate annual Net Sales greater than or equal to $[***] and less than $[***]	[***]%
Portion of aggregate annual Net Sales greater than or equal to $[***]	[***]%

(c) With respect to EGFR Products; *provided*, *however*, that if CytomX exercises the EGFR Co-Development Option, the royalties in this Section 7.5.3(c) shall not be payable on annual Net Sales of EGFR Products in the U.S. and shall be payable on annual Net Sales of EGFR Products in the Territory other than in the U.S., and instead the provisions of Section 7.3.3 and Exhibit E shall apply with respect to annual Net Sales of EGFR Products in the U.S.:

Aggregate Annual Net Sales of an EGFR Product	Royalty Rate
Portion of aggregate annual Net Sales less than $[***]	[***]%
Portion of aggregate annual Net Sales greater than or equal to $[***] and less than $[***]	[***]%
Portion of aggregate annual Net Sales greater than or equal to $[***] and less than $[***]	[***]%
Portion of aggregate annual Net Sales greater than or equal to $[***]	[***]%

For the avoidance of doubt, for all royalty payments pursuant to this Section 7.5.3, if the sale of a Product is Covered by more than one Valid Claim, the above royalty shall be paid only once.

7.5.4 **Royalty Reduction.** On [***], in the event that the [***] of [***] of (a) [***] or [***] (in the case of an [***]) [***] or (b) [***] or [***] (in the case of a [***]) [***], then the royalty rates set forth in Section 7.5.3 with respect to Net Sales for such Product [***] shall be reduced by [***], effective as of the date [***] of (i) [***] or [***] (in the case of [***] or [***]) [***] or (ii) [***] or [***] (in the case of [***]) [***].

7.5.5 **Third Party Intellectual Property.** In the event that a Third Party Controls intellectual property that is reasonably necessary for the Exploitation of a Product, including, without limitation, intellectual property that Covers a particular Format, the Paying Party shall have the right (but not the obligation) to obtain a license to such Third Party intellectual property (collectively, "**Third Party IP**"). In such event, [***] of the royalties, milestones or other payments that the Paying Party [***] to such Third Party for the Exploitation of such Product in a country during a Calendar Quarter may be credited against royalties otherwise payable by the Paying Party to the non-Paying Party under Section 7.5.1 for such Product in such country in such Calendar Quarter. Notwithstanding the foregoing, and subject to Section 7.5.6, if CytomX obtains a license to Third Party IP that Covers [***], CytomX may elect to credit [***] of the royalties, milestones or other payments that CytomX as the Paying Party [***] to such Third Party for the Exploitation of such CytomX Product in a country against royalties otherwise payable by CytomX to Amgen under Section 7.5.1 for such CytomX Product in such country in such Calendar Quarter, provided that CytomX has first reasonably determined [***].

7.5.6 **Maximum Reduction.** Subject to Section 2.3 of Exhibit E, the maximum aggregate reduction with respect to any Product during the applicable Royalty Term pursuant to Section 7.5.4 and Section 7.5.5 (alone or in combination) shall be capped at [***] of the rates set forth in Section 7.5.3. Notwithstanding the foregoing, if CytomX obtains a license to Third Party IP that Covers [***], CytomX may elect to credit [***] of the royalties, milestones or other payments that CytomX as the Paying Party actually pays to such Third Party for the Exploitation of such CytomX Product in a country against

royalties otherwise payable by CytomX to Amgen under Section 7.5.1 for such CytomX Product in such country in such Calendar Quarter, provided that CytomX has first reasonably determined [***].

7.5.7 Mutual Convenience of the Parties. The royalty and other payment obligations set forth hereunder have been agreed to by the Parties for the purpose of reflecting and advancing their mutual convenience, including the ease of calculating and paying royalties and other amounts required hereunder.

Section 7.6 Invoicing. To the extent an invoice is required to be submitted hereunder, such invoice shall be addressed to:

If Amgen is the Paying Party:

Amgen Inc.
[***]
[***]
[***]
[***].

If CytomX is the Paying Party:

CytomX Therapeutics, Inc.
[***]
[***]
[***]
[***]

Section 7.7 Method of Payment. Unless otherwise agreed by the Parties, all payments due from the Paying Party under this Agreement shall be paid in U.S. Dollars by wire transfer or electronic funds transfer of immediately available funds to an account designated by the non-Paying Party. After the First Commercial Sale of the first Product by a Party and until expiration of the last Royalty Term for a Product of such Party, such Party shall prepare and deliver to the other Party reports of the sale of Products by the Selling Parties for each Calendar Quarter together with the corresponding royalty payment or other consideration to be paid to the non-Paying Party in accordance with Section 7.5.1, specifying on a Product-by-Product and country-by-country basis, a detailed and itemized calculation of Net Sales.

Section 7.8 Currency Conversion. All royalties shall be payable in full in U.S. Dollars. Any sales of Products incurred in a currency other than U.S. Dollars shall be converted to the U.S. Dollar equivalent using the Paying Party's then-current standard exchange rate methodology as applied to its external reporting for the conversion of foreign currency sales into U.S. Dollars consistent with GAAP.

Section 7.9 Records and Audits. Each Party will keep complete and accurate records of payments required under this Agreement for a period of [***] years after the end of the Calendar Year in which any such payment was due. Each Party will have the right, once annually at its own expense, to have a nationally recognized, independent, certified public accounting firm, selected by it and subject to the other Party's prior written consent (which shall not be unreasonably withheld, conditioned or delayed), review any such records of the other Party and its Affiliates (the "**Audited Party**") in the location(s) where

such records are maintained by the Audited Party upon reasonable written notice (which shall be no less than [***] days' prior written notice) and during regular business hours and under obligations of strict confidence, for the sole purpose of verifying the basis and accuracy of payments made under this Agreement within the [***] year period preceding the date of the request for review. Each Party shall require its Sublicensees to retain and provide to such Party all records of payments that such Party would be required to keep as if sales of Product by such Sublicensees were sales of Product by such Party, to enable the other Party to audit such records pursuant to this Section 7.9. No Calendar Year will be subject to audit under this Section 7.9 more than [***]. The Audited Party will receive a copy of each such report concurrently with receipt by the non-Audited Party, and such accounting firm shall report to the Parties only whether or not such calculations are correct and the amount of any discrepancy. No other information shall be shared. Each Party agrees to treat the results of any such review of the other Party's records under this Section 7.9 as Confidential Information of the other Party and subject to the terms of Article 12. Should such inspection lead to the discovery of a discrepancy to the non-Audited Party's detriment, the Audited Party will, within [***] days after receipt of such report from the accounting firm, pay any undisputed amount of the discrepancy together with interest at the rate set forth in Section 7.10. [***] under this Section 7.9 will [***] of (a) [***] and (b) [***], in which case [***]. Should the audit lead to the discovery of a discrepancy to the Audited Party's detriment, the Audited Party may, at its option, credit the amount of the discrepancy, without interest, against future payments payable to the non-Audited Party under this Agreement, and if there are no such payments payable or if the Audited Party elects not to apply such credit, then non-Audited Party shall pay to the Audited Party the amount of the discrepancy, without interest, within [***] days of non-Audited Party's receipt of the report.

Section 7.10 Late Payments. In the event that any payment due hereunder is not made when due, the payment shall accrue interest beginning on [***] the due date thereof, calculated at [***] of (a) [***] plus (b) [***] on the date said payment is due, the interest being compounded on [***]; *provided, however*, that in no event shall said annual interest rate exceed the maximum rate permitted by Law. Each such payment when made shall be accompanied by all interest so accrued. Said interest and the payment and acceptance thereof shall not negate or waive the right of any Party to seek any other remedy, legal or equitable, to which it may be entitled because of the delinquency of any payment including, but not limited to termination of this Agreement as set forth in Article 13. With respect to any disputed payments, no interest payment shall be due until such dispute is resolved and the interest which shall be payable thereon shall be based on the finally-resolved amount of such payment, calculated from the original date on which the disputed payment was due through the date on which payment is actually made.

Section 7.11 Taxes.

7.11.1 Withholding. In the event that any Law requires the Paying Party to withhold taxes with respect to any payment to be made by the Paying Party pursuant to this Agreement, the Paying Party (a) will notify the non-Paying Party of such withholding requirement prior to making the payment to the non-Paying Party (such notice, which shall include the authority, basis and method of calculation for the proposed deduction or withholding, shall be given at least a reasonable period of time before such deduction or withholding is required, in order for such non-Paying Party to obtain reduction of or relief from such deduction or withholding), and (b) provide such assistance to the non-Paying Party, including the provision of such standard documentation as may be required by a tax authority, as may be reasonably necessary in the non-Paying Party's efforts to claim an exemption from or reduction of such taxes. The Paying Party will, in accordance with such Law, withhold taxes from such payment, remit such taxes to the appropriate tax authority, and furnish the non-Paying Party with proof of payment of such taxes within [***] days following the payment. If taxes are so withheld and paid to a tax authority, the Paying Party

shall provide reasonable assistance to the non-Paying Party to obtain a refund of taxes withheld, or obtain a credit with respect to taxes paid. If any taxes are so withheld and paid to the appropriate tax authority in accordance with this Section 7.11.1, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the non-Paying Party. The non-Paying Party shall provide the Paying Party any tax forms (including Internal Revenue Service Forms W-9 or applicable W-8) that may be reasonably necessary in order for the Paying Party to determine whether to withhold tax on any such payments or to withhold tax on such payments at a reduced rate under applicable Law, including any applicable bilateral income tax treaty.

7.11.2 **Indirect Taxes.** All payments due to the non-Paying Party from the Paying Party pursuant to this Agreement shall be paid exclusive of any value-added tax, sales tax, consumption taxes and other similar taxes ("**Indirect Taxes**") (which, if applicable, shall be payable by the Paying Party upon receipt of a valid Indirect Tax invoice). If the non-Paying Party determines that it is required to report any such tax, the Paying Party shall promptly provide the non-Paying Party with applicable receipts and other documentation necessary or appropriate for such report. For clarity, this Section 7.11.2 is not intended to limit the Paying Party's right to deduct value-added taxes in determining Net Sales.

ARTICLE 8. INTELLECTUAL PROPERTY

Section 8.1 Intellectual Property Ownership.

8.1.1 **Background IP.** Each Party will own all right, title and interest in its Background IP.

8.1.2 **Collaboration IP**. Ownership of Collaboration IP [***] hereby grants and agrees to grant to [***], to [***] such [***], the [***], as applicable.

8.1.3 **Joint IP**. Except as expressly provided in this Agreement, it is understood that neither Party will have any obligation to obtain any approval or consent of, nor pay a share of the proceeds to or account to, the other Party to practice, enforce, license, assign or otherwise exploit inventions or intellectual property owned jointly by the Parties hereunder, and each Party hereby waives any right it may have under the laws of any jurisdiction to require such approval, consent or accounting. Each Party agrees to cooperate with the other Party, as reasonably requested, and to take such actions as may be required to give effect to this Section 8.1.3 in a particular country within the Territory. Notwithstanding the foregoing, [***] to [***] to [***] under this Agreement, along with [***], and [***] by such [***] of [***] and [***] to such [***] by such [***] and that maintain the [***] of [***] and (b) [***] the [***].

Section 8.2 Patent Prosecution and Maintenance.

8.2.1 **CytomX Patent(s).** [***], CytomX will be solely responsible, [***], for preparing, filing, prosecuting (including, but not limited to provisional, reissue, reexamination, continuing, divisional, continuation, continuation-in-part, and substitute applications and any foreign counterparts thereof), and maintaining all CytomX Patents and conducting any interferences and oppositions or similar proceedings relating to CytomX Patents. Amgen acknowledges and agrees that (a) neither CytomX nor any of its Affiliates will have any liability of any kind relating to the preparation, filing, prosecution and maintenance of Patent Rights as provided in this Section 8.2.1; and (b) CytomX and its Affiliates have the right to cease all activities relating to the preparation, filing, prosecution or maintenance of any Patent

Rights as provided in this Section 8.2.1 for any reason, in which case CytomX will promptly inform Amgen of such planned cessation.

8.2.2 Amgen Patents. [***], Amgen will be solely responsible, [***], for preparing, filing, prosecuting (including, but not limited to provisional, reissue, reexamination, continuing, divisional, continuation, continuation-in-part, and substitute applications and any foreign counterparts thereof), and maintaining all Amgen Patents and conducting any interferences and oppositions or similar proceedings relating to Amgen Patents. CytomX acknowledges and agrees that (a) neither Amgen nor any of its Affiliates will have any liability of any kind relating to the preparation, filing, prosecution and maintenance of Patent Rights in accordance with this Section 8.2.2; and (b) Amgen and its Affiliates have the right to cease all activities relating to the preparation, filing, prosecution or maintenance of any Patent Rights as provided in this Section 8.2.2 for any reason, in which case Amgen will promptly inform CytomX of such planned cessation.

8.2.3 Collaboration Patents. CytomX will have the first right, [***], but not the obligation, to assume responsibility for preparing, filing, prosecuting (including, but not limited to provisional, reissue, reexamination, continuing, divisional, continuation, continuation-in-part, and substitute applications and any foreign counterparts thereof), and maintaining [***] (a) [***] (i) [***] and (ii) [***], (b) [***] or (c) [***], and in each case, conducting any interferences and oppositions or similar proceedings relating to such Patent Rights. [***]. Amgen will have the first right, but not the obligation, [***], for preparing, filing, prosecuting (including, but not limited to provisional, reissue, reexamination, continuing, divisional, continuation, continuation-in-part, and substitute applications and any foreign counterparts thereof), and maintaining [***], and conducting any interferences and oppositions or similar proceedings relating to such Patent Rights. The [***] at least [***] days before filing; *provided, however,* [***] it is [***] to [***] such [***], then the [***] will [***] a [***] of such [***] or a [***] in such [***]. The [***] the [***] to [***] the [***] to have [***] to [***] with respect to [***], or [***] the [***] such [***] to the [***], the [***] to [***] and [***] any [***] to [***] the [***] of [***]. The [***] the [***] with [***] of [***] to, and [***] or [***] any [***] such [***] or [***] such [***] a [***] of [***] for [***] as [***] with [***] of [***] and [***]. The [***] the [***] of the [***] of [***], and [***] or [***] the [***], and [***] the [***] of and [***] to [***] and [***] such [***] and [***] to be [***] to [***] or [***]. The [***] the [***] such [***] and [***] for the [***]. With respect to [***] or [***] to the [***], the [***] the [***] to [***] or [***] or any [***] from [***] such [***]. In the event [***] to [***] or [***] of the [***] to [***] in [***], or [***] in the [***] the [***] have been [***], then: (1) such [***] the [***] of such [***] so [***] to [***] the [***] to [***] to [***] or [***] such [***] and to [***], in any event, [***] to the [***] for any [***] may [***] to such [***] with the [***] or any [***]; (2) the [***] the [***] of the [***] or [***] of such [***]; (3) the [***] the [***] the [***] for such [***] and [***] of such [***] to [***] or [***] the [***]; and (4) the [***] the [***] and [***] the [***] and [***] in the [***] and [***] of such [***]. Notwithstanding the foregoing, [***] in [***] such [***] with respect to [***].

Section 8.3 Patent Term Extensions. The Parties will cooperate with each other in gaining Patent Right term extension where applicable to Amgen Products, CytomX Products and EGFR Products and in the [***] the [***] as to [***] for any [***] the [***] or [***] of [***] of [***] or [***], and [***] the [***] as to [***] for [***] the [***] of [***] of [***] of [***].

Section 8.4 Defense and Settlement of Third Party Claims. If any Amgen Product, CytomX Product or EGFR Product Exploited by or under authority of either Party, its Affiliates or Sublicensees

becomes the subject of a Third Party's claim or assertion of infringement of a patent, the Party first having notice of the claim or assertion shall promptly notify the other Party, and the Parties shall promptly confer to consider the claim or assertion and the appropriate course of action. Unless the Parties otherwise agree in writing, each Party shall have the right to defend itself against a suit that names it as a defendant (the "**Defending Party**"). Neither Party shall enter into any settlement of any claim described in this Section 8.4 that admits to the invalidity or unenforceability of any Patent Right Controlled by the other Party (or otherwise affects the scope, validity or enforceability of such Patent Right), incurs any financial liability on the part of the other Party or requires an admission of liability, wrongdoing or fault on the part of the other Party without such other Party's written consent. In any event, the other Party shall reasonably assist the Defending Party and cooperate in any such litigation at the Defending Party's request and expense. Additionally, if the Defending Party is not the Party that Controls the Patent Right in question, then the other Party has the right to join any such action.

Section 8.5 Third Party Defense or Counterclaim.

8.5.1 If a Third Party asserts, as a defense or as a counterclaim in any infringement action under Section 8.4 that any CytomX Patent, Collaboration Patent or Amgen Patent is invalid or unenforceable, then the Party defending such infringement action shall promptly give written notice to the other Party.

8.5.2 With respect to the CytomX Patents, CytomX shall respond to such defense and use Commercially Reasonable Efforts to defend against such counterclaim (as applicable) and, if Amgen is pursuing the applicable infringement action under Section 8.4, Amgen shall allow CytomX to control such response or defense (as applicable). [***] with respect to such [***] with respect to [***] by the [***], and the [***] for [***] and [***] in the [***] as the [***] for [***] and [***] to [***] and [***]. If CytomX fails, notwithstanding the foregoing, to assume such defense and use Commercially Reasonable Efforts in respect thereof, Amgen or its Affiliate or Sublicensee shall have the right to defend against such action or claim. Notwithstanding anything to the contrary in this Section 8.5.2, Amgen shall not have any right to assume such defense with respect to CytomX Platform Patents.

8.5.3 With respect to the Amgen Patents, Amgen shall respond to such defense and use Commercially Reasonable Efforts to defend against such counterclaim (as applicable) and, if CytomX is pursuing the applicable infringement action under Section 8.4, CytomX shall allow Amgen to control such response or defense (as applicable). [***] with respect to such response or defense against such counterclaim with respect to [***] by the [***], and the [***] for such [***] and [***] in the [***] as the [***] for [***] and [***] to [***] and [***] of [***]. If Amgen fails, notwithstanding the foregoing, to assume such defense and use Commercially Reasonable Efforts in respect thereof, CytomX or its Affiliate or Sublicensee shall have the right to defend against such action or claim.

8.5.4 With respect to Collaboration Patents, [***] shall, itself or through counsel reasonably acceptable to [***], respond to such defense and use Commercially Reasonable Efforts to defend against such counterclaim (as applicable) and, if [***] is pursuing the applicable infringement action under Section 8.4, [***] shall allow [***] to control such response or defense. [***] shall provide [***] reasonable support to enable [***] to have standing before applicable authorities to conduct activities under this Section 8.5.4 with respect to the relevant Collaboration Patent, or where [***] cannot establish such standing with respect to the relevant Collaboration Patent, [***] shall cooperate to submit such filings and execute any applicable documents necessary to effect the intent of this Section 8.5.4. Any [***] and [***] with respect to such [***] or [***] such [***] with respect to Collaboration Patents shall

be [***], and the [***] for such [***] and [***] in the [***] as the [***] to [***] and [***] for [***] and [***] to [***] and [***] of Collaboration Patents [***] If [***] fails, notwithstanding the foregoing, to assume such defense and use Commercially Reasonable Efforts in respect thereof, [***] shall have the right to defend against such action or claim. Notwithstanding anything to the contrary in this Section 8.5.4, [***].

Section 8.6 Third Party Declaratory Judgment or Similar Action.

8.6.1 If a Third Party asserts, in a declaratory judgment action or similar action or claim filed by such Third Party, that any Amgen Patent, Collaboration Patent or CytomX Patent is invalid or unenforceable, then the Party first becoming aware of such action or claim shall promptly give written notice to the other Party.

8.6.2 The Party having the right to prosecute such Patent under Section 8.2 shall use Commercially Reasonable Efforts to defend against such action or claim. [***] and [***] with respect to [***] with respect to [***] the [***], and [***] shall [***] for such [***] and [***] the [***] as the [***] and [***] for [***] and [***] to [***] and [***] of [***]. If [***], notwithstanding the foregoing, to assume such defense and use Commercially Reasonable Efforts in respect to any Collaboration Patent, [***] shall have the right to defend against such action or claim, [***].

Section 8.7 Enforcement.

8.7.1 Notice of Infringement. The Parties shall inform each other promptly of any infringement or colorable cause of action for infringement of any Patent Right within the Collaboration Patents, CytomX Patents or Amgen Patents, and the Parties shall promptly confer to consider the best appropriate course of action.

8.7.2 CytomX Enforcement. In the event that such infringement or alleged infringement is with respect to a product that is a Competing Product with respect to a CytomX Product, then CytomX shall have the right to enforce the following Patent Rights against any such infringement or alleged infringement thereof: with respect to (a) a CytomX Patent, such right shall be a sole right, (b) (i) Amgen Patents and (ii) [***] and (c) any [***]. CytomX shall at all times keep Amgen informed as to the status thereof. In such case, CytomX may, at its own expense, institute suit against any infringer or alleged infringer and control and defend such suit in a manner consistent with the terms and provisions hereof and recover any damages, awards or settlements resulting therefrom, subject to Section 8.7.5. Amgen shall reasonably cooperate in any such litigation at CytomX's expense. CytomX shall not enter into any settlement of any claim described in this Section 8.7.2 that admits to [***]), incurs any financial liability on the part of Amgen or requires an admission of liability, wrongdoing or fault on the part of Amgen without Amgen's prior written consent, not to be unreasonably withheld, delayed or conditioned. In the event that CytomX does not elect to enforce any Patent Right [***], then Amgen shall be entitled to do so, unless CytomX has a good faith belief that Amgen's enforcement of such Patent Rights would be reasonably likely to unreasonably jeopardize the Exploitation of a CytomX Product. Amgen shall not enter into any settlement of any claim described in this Section 8.7.2 that admits to [***] ([***]), incurs any financial liability on the part of CytomX or requires an admission of liability, wrongdoing or fault on the part of CytomX without CytomX's prior written consent, not to be unreasonably withheld, delayed or conditioned.

8.7.3 Amgen Enforcement. In the event that such infringement or alleged infringement is with respect to a product that is a Competing Product with respect to an Amgen Product or an EGFR Product, then Amgen shall have the right to enforce the following Patent Rights against any such infringement or alleged infringement thereof: with respect to (a) an Amgen Patent, such right shall be a sole right, (b) (i) CytomX Patents and (ii) [***] and (c) any [***]. Amgen shall at all times keep CytomX informed as to the status thereof. In such case, Amgen may, at its own expense, institute suit against any infringer or alleged infringer and control and defend such suit in a manner consistent with the terms and provisions hereof and recover any damages, awards or settlements resulting therefrom, subject to Section 8.7.5. CytomX shall reasonably cooperate in any such litigation at Amgen's expense. Amgen shall not enter into any settlement of any claim described in this Section 8.7.3 that admits to [***] ([***]), incurs any financial liability on the part of CytomX or requires an admission of liability, wrongdoing or fault on the part of CytomX without CytomX's prior written consent, not to be unreasonably withheld. In the event that Amgen does not elect to enforce any Patent Right [***], then CytomX shall be entitled to do so, unless Amgen has a good faith belief that CytomX's enforcement of such Patent Rights would be reasonably likely to unreasonably jeopardize the Exploitation of an Amgen Product or an EGFR Product. CytomX shall not enter into any settlement of any claim described in this Section 8.7.3 that admits to [***] ([***]), incurs any financial liability on the part of Amgen or requires an admission of liability, wrongdoing or fault on the part of Amgen without Amgen's prior written consent, not to be unreasonably withheld, delayed or conditioned.

8.7.4 Progress Reporting. The Party initiating or defending any enforcement action under this Section 8.7 (the "**Enforcing Party**") shall keep the other Party reasonably informed of the progress of any such enforcement action, and such other Party shall have the individual right to participate with counsel of its own choice [***].

8.7.5 Allocation of Recoveries. Except as otherwise expressly provided herein, the [***], and any damages, settlements or other monetary awards recovered shall be shared as follows: (1) the [***]; and then (2) the [***] as follows:

(a) If [***] is the Enforcing Party under Sections 8.7.2, or [***] is the Enforcing Party under Sections 8.7.3, then [***] ([***]); and

(b) If [***] is the Enforcing Party under Sections 8.7.3, or [***] is the Enforcing Party under Section 8.7.2, [***].

Section 8.8 Trademarks. As between the Parties, Amgen shall own all right, title and interest in and to any trademarks adopted by Amgen for use with an Amgen Product or an EGFR Product, and shall be responsible for the registration, filing, maintenance and enforcement thereof. As between the Parties, CytomX shall own all right, title and interest in and to any trademarks adopted by CytomX for use with a CytomX Product, and shall be responsible for the registration, filing, maintenance and enforcement thereof.

ARTICLE 9. REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 9.1 Mutual Representations and Warranties. Each of Amgen and CytomX represents and warrants to the other Party, as of the Effective Date, that:

(a) it is duly incorporated and validly existing under the Law of Delaware, and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof;

(b) it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder, and the individual executing this Agreement on its behalf has been duly authorized to do so by all requisite corporate action; and

(c) this Agreement is legally binding upon it and enforceable in accordance with its terms and the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate action and do not and will not: (x) conflict with, or constitute a default under, any agreement, instrument or understanding, oral or written, to which it is a party or by which it may be bound, or violate any material applicable Law or (y) require any consent or approval of its stockholders or similar action.

Section 9.2 Additional CytomX Representations, Warranties and Covenants. CytomX represents and warrants to Amgen that, as of the Effective Date (except as specifically stated otherwise):

(a) CytomX has full legal or beneficial title and ownership of, or an exclusive license to, the CytomX Patents as is necessary to grant the licenses (or sublicenses) to Amgen to such CytomX Patents that CytomX purports to grant pursuant to this Agreement;

(b) CytomX has the rights necessary to grant the licenses to Amgen under CytomX Licensed Know-How that CytomX purports to grant pursuant to this Agreement. Without limiting the generality of foregoing, CytomX hereby represents that [***];

(c) The CytomX Patents owned by CytomX, and to CytomX's knowledge the CytomX Patents licensed to CytomX, are not subject to any liens or encumbrances, and CytomX has not, and will not during the Term, grant any right to any Third Party under or with respect to the CytomX IP that would conflict with the rights granted to Amgen hereunder or terminate any rights granted by a Third Party to CytomX or its Affiliates that are further granted to Amgen hereunder. Except as expressly identified on Exhibit F, none of the CytomX Patents is in-licensed by CytomX;

(d) CytomX has shared with Amgen complete and accurate copies of all Third Party licenses and agreements pursuant to which CytomX or its Affiliates has obtained rights to CytomX Patents and CytomX Licensed Know-How;

(e) No claim or action has been brought or, to CytomX's knowledge, threatened any Third Party alleging that (i) the CytomX Patents are invalid or unenforceable or (ii) use of the CytomX IP infringes or misappropriates or would infringe or misappropriate any right of any Third Party, and no CytomX Patent is the subject of any interference, opposition, cancellation or other protest proceeding. CytomX has not received any written notice from any Third Party asserting or alleging that the development, manufacture, use or sale of any Product infringes the rights of such Third Party in the Territory;

(f) To CytomX's knowledge, there are no pending actions, claims, investigations, suits or proceedings against CytomX or its Affiliates, at law or in equity, or before or by any Regulatory Authority, and neither CytomX nor any of its Affiliates has received any written notice regarding any pending or threatened actions, claims, investigations, suits or proceedings against CytomX or such

Affiliate, at law or in equity, or before or by any Regulatory Authority, in either case with respect to the CytomX IP;

(g) To CytomX's knowledge, no Third Party, including any current or former employee or consultant of CytomX, is infringing or misappropriating or has infringed or misappropriated the CytomX IP;

(h) A [***], including to Exploit Amgen Products or EGFR Products;

(i) [***]; and

(j) CytomX will make all payments related to this Agreement to The Regents pursuant to the UCSB Agreement that CytomX in good faith determines are accurate.

Section 9.3 Additional Amgen Representations, Warranties and Covenants. Amgen represents and warrants to CytomX that, as of the Effective Date (except as specifically stated otherwise):

(a) Amgen has full legal or beneficial title and ownership of, or an exclusive license to, the Amgen Patents as is necessary to grant the licenses (or sublicenses) to CytomX to such Amgen Patents that Amgen purports to grant pursuant to this Agreement;

(b) Amgen has the rights necessary to grant the licenses to CytomX under Amgen Licensed Know-How that Amgen purports to grant pursuant to this Agreement;

(c) The Amgen Patents owned by Amgen are not subject to, and to Amgen's knowledge the Amgen Patents licensed to Amgen are not subject to, any liens or encumbrances and Amgen has not granted to any Third Party any rights or licenses under such Patent Rights that would conflict with the licenses granted to CytomX hereunder and Amgen has not terminated any rights granted by a Third Party to Amgen or its Affiliates that are further granted to CytomX hereunder;

(d) To Amgen's knowledge, no Third Party has made any claim or allegation to Amgen or its Affiliates in writing that a Third Party has any right or interest in or to the Amgen Patents; and

(e) To Amgen's knowledge, no claim or action has been brought or, to threatened in writing by any Third Party alleging that (i) the Amgen Patents owned by Amgen are invalid or unenforceable or (ii) use of the Amgen IP owned by Amgen infringes or misappropriates or would infringe or misappropriate any right of any Third Party, and no Amgen Patent owned by Amgen is the subject of any interference, opposition, cancellation or other protest proceeding. Amgen has not received any written notice from any Third Party asserting or alleging that the development, manufacture, use or sale of any Product infringes the rights of such Third Party in the Territory;

(f) To Amgen's knowledge, there are no pending actions, claims, investigations, suits or proceedings against Amgen or its Affiliates, at law or in equity, or before or by any Regulatory Authority, and neither Amgen nor any of its Affiliates has received any written notice regarding any pending or threatened actions, claims, investigations, suits or proceedings against Amgen or such Affiliate, at law or in equity, or before or by any Regulatory Authority, in either case with respect to the Amgen IP

and that would reasonably be expected to have a material adverse effect on CytomX's rights under this Agreement;

(g) To Amgen's knowledge, no Third Party, including any current or former employee or consultant of Amgen, is infringing or misappropriating or has infringed or misappropriated the Amgen and that would reasonably be expected to have a material adverse effect on CytomX's rights under this Agreement; and

(h) [***].

Section 9.4 Mutual Covenants.

(a) **Employees, Consultants and Contractors.** Each Party covenants that it has obtained or will obtain written agreements from each of its employees, consultants and contractors who perform research or development activities pursuant to this Agreement, which agreements will obligate such persons to obligations of confidentiality and non-use and to assign inventions in a manner consistent with the provisions of this Agreement.

(b) **Debarment.** Each Party represents, warrants and covenants to the other Party that it is not debarred, excluded, disqualified, or the subject of disbarment, exclusion or disqualification proceedings under the U.S. Food, Drug and Cosmetic Act or comparable Laws in any country or jurisdiction other than the U.S. and, to its knowledge, does not, and will not during the Term knowingly, employ or use, directly or indirectly, including through Affiliates or Sublicensees, the services of any person who is debarred, excluded, disqualified, or the subject of disbarment, exclusion or disqualification proceedings in connection with activities relating to any Product. In the event that either Party becomes aware of the debarment, exclusion or disqualification or threatened debarment, exclusion or disqualification of any person providing services to such Party, directly or indirectly, including through Affiliates or Sublicensees, which directly or indirectly relate to activities contemplated by this Agreement, such Party shall promptly notify the other Party in writing and such Party shall cease employing, contracting with, or retaining any such person to perform any such services.

(c) **Compliance.**

(i) Each Party agrees, on behalf of itself and its officers, directors, employees, Affiliates and agents, that, in connection with the matters that are the subject of this Agreement, and the performance of its obligations hereunder:

(a) It will comply with the U.S. Foreign Corrupt Practices Act, as amended, the UK Bribery Act 2010, as amended, and any other applicable Law relating to or concerning public or commercial bribery or corruption (collectively, "**Anti-Bribery and Anti-Corruption Laws**") and its applicable anti-corruption policies ("**Anti-Corruption Policies**"), and will not take any action that will cause the other Party or its Affiliates to be in violation of any such laws or policies.

(b) It will not, directly or indirectly, pay, offer or promise to pay, or authorize the payment of any money, or give, offer or promise to give or authorize the giving of anything of value to any Public Official or Entity for the purpose of influencing the acts of such Public Official or Entity to induce them to use their influence with any Governmental Authority, or obtaining or retaining business or any improper advantage in connection with this Agreement, or that would otherwise violate any Anti-Bribery and Anti-Corruption Laws or Anti-Corruption Policies.

(c) It will not directly or indirectly solicit, receive or agree to accept any payment of money or anything else of value in violation of the Anti-Bribery and Anti-Corruption Laws or the Anti-Corruption Policies.

(ii) Each Party, on behalf of itself and its officers, directors, employees, Affiliates, agents and Representatives, represents and warrants to the other Party that, in connection with the matters that are the subject of this Agreement, and the performance by each Party of its obligations hereunder:

(a) To its knowledge, as of the Effective Date, it and its Affiliates have not committed any Material Anti-Corruption Law Violation, other than, in the case of Amgen, the mis-promotion activities preceding the Corporate Integrity Agreement, entered into between Amgen and the Office of the Inspector General of the Department of Health and Human Services in December 2012.

(b) To its knowledge, none of its contracts, licenses or other assets that are the subject of this Agreement were procured in violation of the Anti-Bribery and Anti-Corruption Laws.

(iii) Each Party will keep and maintain accurate books, accounts, invoices and reasonably detailed records in connection with the performance of its obligations under, and payments made in connection with, this Agreement, including all records required to establish compliance with the provisions of this Section 9.4(c), until the later of (a) [***] years after the end of the period to which such books and records pertain or (b) the [***].

(iv) If a Party becomes aware that any of its officers, directors or employees becomes during the Term a Public Official or Entity in a position to take or influence official action for or against a Party in connection with the performance of its obligations under this Agreement, that Party will promptly notify the other Party. A Party shall notify the other Party upon receiving a formal notification that it is the target of a formal investigation by a Governmental Authority for a Material Anti-Corruption Law Violation or upon receipt of information from any of its representatives that any of them

is the target of a formal investigation by a Governmental Authority for a Material Anti-Corruption Law Violation in connection, in either case in connection with this Agreement.

(v) If either Party requests that any other Party complete a compliance certification certifying compliance with this Section 9.4(c), which request shall occur no more than [***] per [***], such other Party shall promptly complete and deliver such compliance certification truthfully and accurately. If either Party requests, in connection with a Corporate Integrity Agreement or similar arrangement with a Governmental Authority, that any other Party complete a compliance certification certifying adherence to and compliance with such other Party's code of conduct and compliance program with respect to such other Party's activities under this Agreement, which request shall occur no more than [***] per [***], such other Party shall cooperate with the first Party to promptly complete and deliver such compliance certification truthfully and accurately, and should there be reasonable additional requests of such other Party as a result of a Corporate Integrity Agreement or similar arrangement with a Governmental Authority of the requesting Party, such other Party shall comply with such requests.

(vi) In the event that a Party has a good faith reason to believe that the other Party may be in breach or violation of any representation, warranty or undertaking in this Section 9.4(c), such Party shall have the right to conduct an examination and audit of relevant books and records of the other Party and, during the pendency of such examination, to suspend any obligations on the part of such Party to the other Party. In the event that a Party becomes aware, whether or not through audit, that the other Party is in breach of or in violation of any representation, warranty or undertaking in this Section 9.4(c), then that Party shall have the right to take such steps as are reasonably necessary in order to avoid a violation or continuing violation of the Anti-Bribery and Anti-Corruption Laws, including by requesting such additional representations, warranties, undertakings and other provisions including a further audit as it believes in good faith are reasonably necessary.

Section 9.5 Disclaimer. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS ARTICLE 9, NEITHER PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT, OR VALIDITY OF PATENT CLAIMS. NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS A REPRESENTATION MADE OR WARRANTY GIVEN BY EITHER PARTY THAT EITHER PARTY WILL BE SUCCESSFUL IN OBTAINING ANY PATENT RIGHTS, OR THAT ANY PATENT RIGHTS WILL ISSUE BASED ON A PENDING APPLICATION. WITHOUT LIMITING THE RESPECTIVE RIGHTS AND OBLIGATIONS OF THE PARTIES EXPRESSLY SET FORTH HEREIN, EACH PARTY SPECIFICALLY DISCLAIMS ANY GUARANTEE THAT THE PRODUCTS WILL BE SUCCESSFUL, IN WHOLE OR IN PART.

ARTICLE 10. INDEMNIFICATION

Section 10.1 Indemnity.

10.1.1 By CytomX. CytomX agrees to defend Amgen, its Affiliates, and each of their respective directors, officers, employees and agents (the "**Amgen Indemnified Parties**"), at CytomX's cost and expense, and will indemnify and hold Amgen and the other Amgen Indemnified Parties harmless from and against any claims, losses, costs, damages, fees or expenses (including reasonable legal fees and expenses) (collectively, "**Losses**") to the extent resulting from any claims, actions, suits or proceedings

brought by a Third Party (including product liability claims) (a "**Third Party Claim**") arising out of (a) the gross negligence or willful misconduct of CytomX, its Affiliates or their respective Sublicensees in connection with its activities under this Agreement; (b) except as set forth in clause (c), the material breach of this Agreement or the representations, warranties and covenants made hereunder by CytomX; (c) [***] of [***], the [***] or the [***] and [***]; or (d) the research, development, manufacture or other Exploitation of any Product by or on behalf of CytomX, its Affiliates, or their respective Sublicensees (including from product liability and intellectual property infringement claims); except, in each case, to the extent such Losses result from clause (a), (b), or (c) of Section 10.1.2.

10.1.2 **By Amgen.** Amgen agrees to defend CytomX, its Affiliates and their respective directors, officers, employees and agents (the "**CytomX Indemnified Parties**"), at Amgen's cost and expense, and will indemnify and hold CytomX and the other CytomX Indemnified Parties harmless from and against any Losses to the extent resulting from any Third Party Claims arising out of (a) the gross negligence or willful misconduct of Amgen, its Affiliates, or their respective Sublicensees in connection with its activities under this Agreement; (b) the material breach of this Agreement or the representations, warranties and covenants made hereunder by Amgen; or (c) the research, development, manufacture or other Exploitation of any Product by or on behalf of Amgen, its Affiliates, or their respective Sublicensees (including from product liability and intellectual property infringement claims); except, in each case, to the extent such Losses result from clause (a), (b), (c) or (d) of Section 10.1.1.

10.1.3 **Procedure.** The foregoing indemnity obligations shall be conditioned upon (x) the indemnified Party ("**Indemnitee**") promptly notifying the indemnifying Party ("**Indemnitor**") in writing of the assertion or the commencement of the relevant Third Party Claim (*provided, however*, that any failure or delay to notify shall not excuse any obligation of the Indemnitor, except to the extent the Indemnitor is actually prejudiced thereby), (y) the Indemnitee granting the Indemnitor sole management and control, at the Indemnitor's sole expense, of the defense of such Third Party Claim and its settlement (*provided, however*, that the Indemnitor shall not settle any such Third Party Claim without the prior written consent of the Indemnitee if such settlement does not include a complete release from liability or if such settlement would involve the Indemnitee undertaking an obligation (including the payment of money by the Indemnitee), would bind or impair the Indemnitee, or includes any admission of wrongdoing by the Indemnitee or that any intellectual property or proprietary right of Indemnitee or this Agreement is invalid, narrowed in scope or unenforceable, and (z) the Indemnitee reasonably cooperating with the Indemnitor (at the Indemnitee's expense). The Indemnitee shall have the right (at its own expense) to be present in person or through counsel at all legal proceedings giving rise to the right of indemnification. Notwithstanding the foregoing, the Indemnitee will have the right to employ separate counsel at the Indemnitor's expense and to control its own defense of the applicable Third Party Claim if: (i) there are or may be legal defenses available to the Indemnitee that are different from or additional to those available to the Indemnitor or (ii) in the reasonable opinion of counsel to the Indemnitee, a conflict or potential conflict exists between the Indemnitee and the Indemnitor that would make such separate representation advisable; *provided* that in no event will the Indemnitor be required to pay fees and expenses under this sentence for more than one firm of attorneys in any jurisdiction in any one legal action or group of related legal actions. In such event, the Indemnitee shall not settle or compromise such Third Party claim without the prior written consent of the Indemnitor, such consent not to be unreasonably withheld, conditioned or delayed.

ARTICLE 11. LIMITATIONS OF LIABILITY

Section 11.1 LIMITATION OF DAMAGES. IN NO EVENT SHALL A PARTY BE LIABLE HEREUNDER TO THE OTHER PARTY FOR ANY PUNITIVE, INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST REVENUE, LOST PROFITS, OR LOST SAVINGS) HOWEVER CAUSED AND UNDER ANY THEORY, EVEN IF IT HAS NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. THE LIMITATIONS SET FORTH IN THIS SECTION 11.1 SHALL NOT APPLY WITH RESPECT TO ANY BREACH OF ARTICLE 12. NOTHING IN THIS SECTION 11.1 IS INTENDED TO LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF A PARTY UNDER THIS ARTICLE 11 WITH RESPECT TO ANY DAMAGES PAID TO A THIRD PARTY IN CONNECTION WITH A THIRD PARTY CLAIM.

Section 11.2 Insurance. Each of the Parties will, at their own respective expense procure and maintain during the Term, insurance policies adequate to cover their obligations hereunder and consistent with the normal business practices of prudent biopharmaceutical companies of similar size and scope (or reasonable self-insurance sufficient to provide materially the same level and type of protection). Such insurance will not create a limit to either Party's liability hereunder.

ARTICLE 12. CONFIDENTIALITY

Section 12.1 Confidential Information.

12.1.1 Confidential Information. Each Party (the "**Receiving Party**") may receive during the course and conduct of activities under this Agreement, certain proprietary or confidential information of the other Party (the "**Disclosing Party**") as furnished to the Receiving Party by or on behalf of the Disclosing Party. The term "**Confidential Information**" means all ideas and information of any kind, whether in written, oral, graphical, machine-readable or other form, whether or not marked as confidential or proprietary, which are transferred, disclosed or made available by Disclosing Party or at the request of Receiving Party, including any of the foregoing of Affiliates or Third Parties.

12.1.2 Restrictions. During the Term and for [***] years thereafter, Receiving Party will keep all Disclosing Party's Confidential Information in confidence with the same degree of care with which Receiving Party holds its own confidential information (but in no event less than a commercially reasonable degree of care). Receiving Party will not use Disclosing Party's Confidential Information except in connection with the performance of its obligations and exercise of its rights under this Agreement. Receiving Party has the right to disclose Disclosing Party's Confidential Information without Disclosing Party's prior written consent to Receiving Party's Affiliates and their employees, subcontractors, consultants or agents who have a need to know such Confidential Information in order to perform its obligations and exercise its rights under this Agreement and who are bound by restrictions on use and disclosure consistent with this Section 12.1.2. Receiving Party will use diligent efforts to cause those entities and persons to comply with the restrictions on use and disclosure in this Section 12.1.2. Receiving Party assumes responsibility for those entities and persons maintaining Disclosing Party's Confidential Information in confidence and using same only for the purposes described herein.

12.1.3 Exceptions. Receiving Party's obligation of nondisclosure and the limitations upon the right to use the Disclosing Party's Confidential Information will not apply to the extent that Receiving Party can demonstrate that the Disclosing Party's Confidential Information: (a) was known to Receiving Party or any of its Affiliates prior to the time of disclosure; (b) is or becomes public knowledge through no fault or omission of Receiving Party or any of its Affiliates; (c) is obtained by Receiving Party

or any of its Affiliates from a Third Party not known by the Receiving Party after due inquiry to be under an obligation of confidentiality; (d) has been independently discovered or developed by employees, subcontractors, consultants or agents of Receiving Party or any of its Affiliates without the aid, application or use of Disclosing Party's Confidential Information, as evidenced by contemporaneous written records; or (e) was released from the restrictions set forth in this Agreement by express prior written consent of the Disclosing Party.

12.1.4 Permitted Disclosures. Receiving Party may disclose Disclosing Party's Confidential Information to the extent (and only to the extent) such disclosure is reasonably necessary in the following instances:

(a) in order to comply with applicable Law (including any securities law or regulation or the rules of a securities exchange or as a requirement in filing for an International Nonproprietary Name (INN) or the like) or with a legal or administrative proceeding, or in connection with prosecuting or defending litigation;

(b) in connection with prosecuting and defending litigation, Marketing Approvals and other Regulatory Filings and communications, and filing, prosecuting and enforcing Patent Rights in connection with Receiving Party's rights and obligations pursuant to this Agreement; and

(c) in connection with exercising its rights hereunder, to its Affiliates, potential and future collaborators (including Sublicensees) or independent contractors; permitted acquirers or assignees; and investment bankers, investors and lenders;

provided, however, that (1) with respect to Sections 12.1.4(a) or 12.1.4(b), where reasonably possible, Receiving Party will notify Disclosing Party of Receiving Party's intent to make any disclosure pursuant thereto sufficiently prior to making such disclosure so as to allow Disclosing Party adequate time to take whatever action it may deem appropriate to protect the confidentiality of the information to be disclosed; and (2) with respect to Section 12.1.4(c), (A) each of those named people and entities are bound by restrictions on use and disclosure consistent with Section 12.1.2 (other than investment bankers, investors and lenders, which must be bound prior to disclosure by commercially reasonable obligations of confidentiality) and (B) financial terms shall not be disclosed to any such potential acquirer or investor if it has a competing product to any Product.

Section 12.2 Terms of this Agreement; Publicity.

12.2.1 Restrictions. The Parties agree that the terms of this Agreement will be treated as Confidential Information of both Parties, and thus may be disclosed only as permitted by Section 12.1.4. Except as required by Law or as permitted under Section 12.1.4, each Party agrees not to issue any press release or public statement disclosing information relating to this Agreement or the transactions contemplated hereby or the terms hereof without the prior written consent of the other Party, not to be unreasonably withheld, conditioned or delayed (or as such consent may need to be obtained in accordance with Section 12.3.3). Notwithstanding the foregoing, a press release in the form attached hereto as Exhibit G shall be issued by the Parties on or as promptly as practicable after the Effective Date.

12.2.2 Review. Subject to Section 12.1.4, in the event either Party (the "**Issuing Party**") desires to issue a press release (other than as set forth on Exhibit G) or other public statement disclosing information relating to this Agreement or the transactions contemplated hereby or the terms hereof, the Issuing Party will provide the other Party (the "**Reviewing Party**") with a copy of the proposed press

release or public statement (the "**Release**"). The Issuing Party will specify with each such Release, taking into account the urgency of the matter being disclosed, a reasonable period of time within which the Receiving Party may provide any comments on such Release (but in no event less than [***] days). If the Reviewing Party provides any comments, the Parties will consult on such Release and work in good faith to prepare a mutually acceptable Release. Either Party may subsequently publicly disclose any information previously contained in any Release, *provided* that the other Party provided its written consent hereto as stated in Section 12.2.1. For the avoidance of doubt (and notwithstanding anything contained in this Agreement to the contrary), (a) CytomX, in its sole discretion, may make disclosures relating to the development or commercialization of a CytomX Product, including the results of research and any clinical trial conducted by CytomX or any health or safety matter related to a CytomX Product, and (b) Amgen, in its sole discretion, may make disclosures relating to the development or commercialization of an Amgen Product. Either Party, subject to the other Party's written consent, not to be unreasonably withheld, delayed or conditioned, may make disclosures relating to the development or commercialization of an EGFR Product, including the results of research and any clinical trial conducted by the Parties or any health or safety matter related to an EGFR Product; provided, however, that from and after the EGFR Cohort Expansion Study Completion Date, Amgen shall be entitled to direct the disclosure strategy with respect to EGFR Products and may make any such disclosure prior to disclosure by CytomX.

Section 12.3 Publication. CytomX will have the sole right to publish and make scientific presentations with respect to CytomX Platform Technology and CytomX Products, and to issue press releases (except with respect to the terms of this Agreement, which is governed by Section 12.2) make other public disclosures regarding any such CytomX Platform Technology and CytomX Products, and Amgen will not do so without CytomX's prior written consent, except as required by Law; *provided, however***,** that any publication or presentation to be made by CytomX that names Amgen will require the prior written consent of Amgen. Amgen will have the sole right to publish and make scientific presentations with respect to Amgen Products or EGFR Products, and to issue press releases (except with respect to the terms of this Agreement, which is governed by Section 12.2) or make other public disclosures regarding any such Amgen Products or EGFR Products, and CytomX will not do so without Amgen's prior written consent, except as required by Law or in connection with any research or clinical trial conducted by CytomX prior to the EGFR Cohort Expansion Study Completion Date; *provided, however***,** that any publication or presentation to be made by Amgen that names CytomX will require the prior written consent of CytomX and vice versa. The Party that is entitled hereunder to make a publication or presentation (the "**Publishing Party**") will deliver to the other Party (the "**Non-Publishing Party**") a copy of any proposed written publication or outline of presentation to be made by the Publishing Party in advance of submission for publication or presentation at least [***] days in advance of submission (or, where a copy of such publication or presentation is not available at such time, a draft or outline of such publication or a description of such presentation), and the Non-Publishing Party will have the right to: (a) require a delay in submission of not more than [***] days to enable patent applications protecting any product; and (b) prohibit disclosure of any of its Confidential Information in any such proposed publication or presentation. If there is any dispute between the Parties with regard to a proposed publication, presentation or other communication regarding this Agreement, such dispute shall be referred to the JSC for resolution. Each Party agrees that it will not unreasonably withhold, condition or delay its consent to requests for (i) extensions of the above timelines in the event that material late-breaking clinical data becomes available or (ii) shortening of the above timelines if the requesting Party has a good faith belief that circumstances warrant such acceleration. The Parties acknowledge and agree that all publications and presentations pursuant to this Section 12.3 shall comply with the International Committee of Medical Journal Editors (ICMJE) Recommendations for the Conduct, Reporting, Editing, and

Publication of Scholarly Work in Medical Journals. Notwithstanding anything to the contrary in this Section 12.3 , the Parties acknowledge and agree that the abstract of CytomX's planned poster presentation entitled "[***]" has been reviewed by Amgen and shall not be further subject to the approval procedures under this Section 12.3, and the poster presentation itself (the "**EGFR Poster**") shall be subject to the approval procedures in the last two (2) sentences of this Section 12.3. CytomX shall deliver to Amgen a copy of the proposed EGFR Poster [***] days in advance of CytomX's public presentation of such EGFR Poster, and Amgen shall have the right to provide comments with respect to such EGFR Poster within [***] days of such [***] period. CytomX will consider such comments in good faith, *provided* that CytomX shall have the final decision right with respect to such EGFR Poster, subject to Section 14.7.

Section 12.4 Relationship to the Confidentiality Agreement. This Agreement supersedes the Confidential Disclosure Agreement; *provided, however,* that all "Confidential Information" disclosed or received by the Parties thereunder will be deemed "Confidential Information" hereunder and will be subject to the terms and conditions of this Agreement.

Section 12.5 Attorney-Client Privilege. Neither Party is waiving, nor will be deemed to have waived or diminished, any of its attorney work product protections, attorney-client privileges or similar protections and privileges recognized under the applicable Law of any jurisdiction as a result of disclosing information pursuant to this Agreement, or any of its Confidential Information (including Confidential Information related to pending or threatened litigation) to the Receiving Party, regardless of whether the Disclosing Party has asserted, or is or may be entitled to assert, such privileges and protections. The Parties may become joint defendants in proceedings to which the information covered by such protections and privileges relates and may determine that they share a common legal interest in disclosure between them that is subject to such privileges and protections, and in such event, may enter into a joint defense agreement setting forth, among other things, the foregoing principles but are not obligated to do so.

ARTICLE 13. TERM & TERMINATION

Section 13.1 Term. The term of this Agreement shall commence on the Effective Date, and unless terminated earlier as provided in this Article 13, shall continue in full force and effect, on a Collaboration Target-by-Collaboration Target basis, until expiration of the last-to-expire Royalty Term with respect to all Products directed against such Collaboration Target (the "**Term**"). On a country-by-country and Product-by- Product basis, the licenses granted under this Agreement to Exploit all Products directed against a terminated Collaboration Target shall be fully paid-up, irrevocable and non-exclusive upon the expiration of the Royalty Term in each country with respect to each such Product.

Section 13.2 Termination by CytomX.

13.2.1 Amgen Breach. CytomX will have the right to terminate this Agreement in the event of any material breach by Amgen of any terms and conditions of this Agreement; *provided*, *however*, that such termination will not be effective if such breach has been cured within [***] days after written notice thereof is given by CytomX to Amgen specifying the nature of the alleged breach; *provided further, however*, if such breach is not reasonably subject to cure within [***] days after receipt of written notice thereof, then Amgen shall have an additional [***] days to effect such cure provided that Amgen is undertaking Commercially Reasonable Efforts to cure such breach during such additional [***] day period and shall have provided to CytomX a written plan intended to cure such breach within such additional period. Notwithstanding the foregoing in this Section 13.2.1, in the event of a good faith dispute as to whether a material breach by Amgen has occurred, the foregoing cure period with respect thereto will be tolled pending final resolution of such dispute in accordance with the terms of this Agreement; *provided,*

however, if such dispute relates to payment, such tolling of the cure period will only apply with respect to payment of the disputed amounts, and not with respect to any undisputed amount.

13.2.2 Discretionary Termination. CytomX, in its sole discretion, may terminate this Agreement at any time after the [***] with respect to the CytomX Target and CytomX Products, and the rights and obligations thereunder, upon delivery of (a) at least [***] days' prior written notice to Amgen [***] and (b) at least [***] days' prior written notice to Amgen [***].

Section 13.3 Termination by Amgen.

13.3.1 CytomX Breach. Amgen will have the right to terminate this Agreement in the event of any material breach by CytomX of any terms and conditions of this Agreement; *provided, however*, that such termination will not be effective if such breach has been cured within [***] days after written notice thereof is given by Amgen to CytomX specifying the nature of the alleged breach; *provided further, however*, if such breach is not reasonably subject to cure within [***] days after receipt of written notice thereof, then CytomX shall have an additional [***] days to effect such cure provided CytomX is undertaking [***] to cure such breach during such additional [***] day period and shall have provided to Amgen a written plan intended to cure such breach within such additional period. Notwithstanding the foregoing in this Section 13.3.1, in the event of a good faith dispute as to whether a material breach by CytomX has occurred, the foregoing cure period with respect thereto will be tolled pending final resolution of such dispute in accordance with the terms of this Agreement; *provided, however*, if such dispute relates to payment, such tolling of the cure period will only apply with respect to payment of the disputed amounts, and not with respect to any undisputed amount.

13.3.2 Discretionary Termination. Amgen, in its sole discretion, may terminate this Agreement at any time after [***] with respect to an Amgen Target and Amgen Products directed against such Amgen Target and [***], and with respect to the EGFR Target and the EGFR Products, and the respective rights and obligations thereunder, upon delivery of (a) at least [***] days' prior written notice to CytomX [***] and (b) at least [***] days' prior written notice to CytomX [***].

Section 13.4 Effects of Termination. Upon termination by a Party, as applicable, under Section 13.2 or Section 13.3 (or, to the extent this Agreement is terminated solely with respect to a particular Collaboration Target, then the remainder of this Section 13.4 shall only apply to the terminated Collaboration Target), the following shall apply except as provided in Section 13.5:

13.4.1 Ongoing Clinical Studies. The Termination Party will responsibly wind-down, in accordance with accepted biopharmaceutical industry norms and ethical practices, any on-going clinical studies for which it has responsibility hereunder in which patient dosing has commenced, and [***].

13.4.2 Termination of Licenses and Sublicense. All relevant licenses and sublicenses granted under Article 4, as of the effective date of such termination, shall terminate automatically unless otherwise agreed by the Parties.

13.4.3 Destruction of Confidential Information. Each Party that has Confidential Information of the other Party received by such Party shall destroy (at such Party's written request) all such Confidential Information in its possession as of the effective date of expiration or termination (with the exception of one copy of such Confidential Information, which may be retained by the legal department of the Party that received such Confidential Information to confirm compliance with the

non-use and non-disclosure provisions of this Agreement), and any Confidential Information of the other Party contained in its laboratory notebooks or databases, provided that each Party may retain and continue to use such Confidential Information of the other Party to the extent necessary to exercise any surviving rights, licenses or obligations under this Agreement. Notwithstanding the foregoing, a Party shall not be required to destroy any computer files created during automatic system back up that are subsequently stored securely by it and not readily accessible to its employees, consultants, or others who received Confidential Information under this Agreement.

Section 13.5 Effect of Termination With Respect to EGFR Target and EGFR Products. Upon termination by a Party, as applicable, under Section 13.2 or Section 13.3 of this Agreement in its entirety or solely with respect to the EGFR Target and EGFR Products (an "**EGFR Termination**"), all rights and licenses granted to Amgen under Article 4 shall terminate with respect to the EGFR Target and EGFR Products and CytomX's exclusivity obligations under Section 3.4.1 with respect to the EGFR Target shall terminate. In addition, within [***] days after notice of an EGFR Termination is delivered by a Party pursuant to Section 13.2 or Section 13.3, CytomX may request to Amgen in writing that the Parties work in good faith to agree upon a transition plan to coordinate their obligations under this Section 13.5 in an efficient manner, in which case the following shall apply to the extent applicable, in each case [***]:

(a) To the extent that [***] or its Affiliates [***] for [***], at [***] request [***] and its Affiliates' [***] and [***] be [***] and/or [***]. At [***] request, [***], to the extent [***] and [***] as of the [***] and are [***] by [***], and [***] and its Affiliates' [***] be [***]. At [***] request, [***] or its Affiliates and [***] that are [***], and all of [***] and its Affiliates' [***], shall [***] be [***] or [***] and [***] to [***] or [***], to the [***] to the [***] (and for [***] that [***] shall [***] with [***] to provide to [***] the [***]). Notwithstanding anything in this Agreement to the contrary, [***] to [***] to [***] or [***] any [***] or [***] or [***] with [***] that is [***] to [***] the [***] to [***] of [***] and [***] to [***] as such [***] as of the [***] of the [***]; *provided, however*, that [***] may [***] in the [***] or [***] of [***] including, for example, [***] to a [***] instead of [***].

(b) [***] or [***] that were [***] to the [***] of [***] shall [***] and [***]; but (except as otherwise expressly provided herein) [***] on [***] the [***] of such [***].

(c) At [***] request, should [***] or its Affiliates [***] of any [***] for [***] or [***] shall [***] and [***] shall [***] the [***] (but [***]) to [***] from [***]. Furthermore, if [***] or its Affiliate is [***], the [***] the [***] for [***] or its Affiliates [***] to [***] and [***] to [***] or its Affiliates [***] the [***] for a [***] of [***].

(d) At [***] request, [***] shall [***] (or, if applicable, [***]) [***] of [***] (and [***]) [***] and [***] and [***] or [***] that is [***] to [***] in the [***] and used by [***] or any of its Affiliates in the [***] of [***] to the [***]. For clarity, [***] with (a) [***] and [***] of [***], and (b) [***].

(e) At [***] request, upon the [***] of the [***] shall [***] to [***] an [***], with the [***], under the [***] (including [***] in the [***]) that is [***] or any of its Affiliates as of the [***] of such [***] and [***] by [***] in the [***] and [***] of

[***] to [***] ("[***]") in [***]. [***] of [***] of [***] and [***] to [***] the [***] of [***] of [***]. To the extent the [***] shall [***] to [***] on a [***] at a [***] that is: (i) if [***] after such [***] but before [***] of the [***] set forth in Section [***] or (ii) if the [***] the [***] of the [***] set forth in Section 7[***]. The [***] in such [***] and any other [***] of this Agreement that are [***] to this Section 13.5(e) shall apply, to the extent applicable, [***], subject only to [***] the [***] to the [***] shall be [***].

(f) Without limiting the foregoing, at [***] and to the [***] pursuant to [***] shall [***] and its Affiliates [***] and shall [***] to [***] to be [***] any such [***] by any of [***].

(g) At [***] request, [***] and other [***] or [***] in the [***] of [***] and its Affiliates [***] the date of [***] (to the extent then existing).

(h) The [***] to [***] and [***] required in this Section 13.5 [***] the [***] of such [***]; *provided, however*, that [***] under this Section 13.5 [***] than [***] following the [***] of the [***].

Section 13.6 Survival. In addition to the expiration or termination consequences set forth in Section 13.4, the following provisions will survive termination or expiration of this Agreement: Articles 1, 10, 11 and 14, Section 7.3 (with respect to costs incurred or sales made before such expiration or termination), Section 7.4 (with respect to a milestone reached prior to such expiration or termination), Section 7.5 (with respect to sales made before such expiration or termination), Sections 7.6 through 7.11 inclusive (with respect to periods with sales of Products made before such expiration or termination), Section 8.1, Sections 8.4 through 8.6 (with respect to any action initiated prior to such expiration or termination), Sections 9.5, 12.1, 12.2, 12.3 (with respect to any paper or presentation proposed, or any paper or presentation including data or results of clinical studies conducted, prior to such expiration or termination), 12.4, 12.5 (solely the first sentence) and 13.5. Termination or expiration of this Agreement are neither Party's exclusive remedy and will not relieve the Parties of any liability or obligation which accrued hereunder prior to the effective date of such termination or expiration nor preclude either Party from pursuing all rights and remedies it may have hereunder or at law or in equity with respect to any breach of this Agreement nor prejudice either Party's right to obtain performance of any obligation. All other rights and obligations will terminate upon termination or expiration of this Agreement.

ARTICLE 14. MISCELLANEOUS

Section 14.1 Entire Agreement; Amendment. This Agreement, the UCSB Sublicense Agreement and the Share Purchase Agreement, and all Exhibits attached hereto or thereto, constitute the entire agreement between the Parties as to the subject matter hereof. All prior and contemporaneous negotiations, representations, warranties, agreements, statements, promises and understandings with respect to the subject matter of this Agreement, including the Confidential Disclosure Agreement, are hereby superseded and merged into, extinguished by and completely expressed by this Agreement. Neither of the Parties shall be bound by or charged with any written or oral agreements, representations, warranties, statements, promises or understandings not specifically set forth in this Agreement. No amendment, supplement or other modification to any provision of this Agreement shall be binding unless in writing and signed by Amgen and CytomX.

Section 14.2 Section 365(n) of the Bankruptcy Code. All rights and licenses granted under or pursuant to any section of this Agreement are, and shall otherwise be deemed to be, for purposes of Section

365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(35A) of the U.S. Bankruptcy Code to the extent permitted thereunder. The Parties shall retain and may fully exercise all of their respective rights and elections under the U.S. Bankruptcy Code. Upon the bankruptcy of any Party, the non-bankrupt Party shall further be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property, and such, if not already in its possession, shall be promptly delivered to the non-bankrupt Party, unless the bankrupt Party elects to continue, and continues, to perform all of its obligations under this Agreement.

Section 14.3 Independent Contractors. The relationship between Amgen and CytomX created by this Agreement is solely that of independent contractors. This Agreement does not create any agency, distributorship, employee-employer, partnership, joint venture or similar business relationship between the Parties, including for all tax purposes. No such Party is a legal representative of the other Party, and no such Party can assume or create any obligation, representation, warranty or guarantee, express or implied, on behalf of the other Party for any purpose whatsoever. Each such Party shall use its own discretion and shall have complete and authoritative control over its employees and the details of performing its obligations under this Agreement.

Section 14.4 Governing Law; Jurisdiction. This Agreement and its effect are subject to and shall be construed and enforced in accordance with the law of the State of New York, without regard to its conflicts of laws, except as to any issue which depends upon the validity, scope or enforceability of any Amgen Patent, CytomX Patent or Collaboration Patent, which issue shall be determined in accordance with the laws of the country in which such patent was issued. Each of the Parties hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of New York located in the City of New York for any matter arising out of or relating to this Agreement and the transactions contemplated hereby, and agrees not to commence any litigation relating thereto except in such courts. Each of the Parties hereby irrevocably and unconditionally waives any objection to the laying of venue of any matter arising out of this Agreement or the transactions contemplated hereby in the courts of the State of New York located in the City of New York and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such matter brought in any such court has been brought in an inconvenient forum. The Parties agree that a final judgment in any such matter shall be conclusive and may be enforced in other jurisdictions by suits on the judgment or in any other manner provided by law. Any proceeding brought by either Party under this Agreement shall be exclusively conducted in the English language.

Section 14.5 Notice. Any notice required or permitted to be given by this Agreement shall be in writing, in English. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective if (a) delivered by hand or by overnight courier with tracking capabilities, (b) mailed postage prepaid by first class, registered, or certified mail, or (c) delivered by facsimile followed by delivery via either of the methods set forth in clauses (a) and (b) of this Section 14.5, in each case, addressed as set forth below unless changed by notice so given:

If to CytomX: CytomX Therapeutics, Inc.
151 Oyster Point Blvd., Suite 400
South San Francisco, CA 94080
Attn: [***]
with a copy (which shall not constitute notice) to:

[***]
Latham & Watkins LLP
140 Scott Drive
Menlo Park, CA 94025

If to Amgen: Amgen Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320
United States
Attn: [***]
with a copy (which shall not constitute notice) to:

One Amgen Center Drive
Thousand Oaks, CA 91320
United States
Attn: [***]

Any such notice shall be deemed given on the date received, except any notice received after 5:00 p.m. (in the time zone of the receiving Party) on a business day or received on a non-business day shall be deemed to have been received on the next business day. A Party may add, delete, or change the Person or address to which notices should be sent at any time upon written notice delivered to the Party's notices in accordance with this Section 14.5.

Section 14.6 Compliance With Law; Severability. Nothing in this Agreement shall be construed to require the commission of any act contrary to Law. If any one or more provisions of this Agreement is held to be invalid, illegal or unenforceable, the affected provisions of this Agreement shall be curtailed and limited only to the extent necessary to bring it within the applicable legal requirements and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.

Section 14.7 Non-Use of Names. CytomX shall not use the name, trademark, logo, or physical likeness of Amgen or any of its respective officers, directors or employees, or any adaptation of any of them, in any advertising, promotional or sales literature, without Amgen's prior written consent. CytomX shall require its Affiliates to comply with the foregoing. Amgen shall not use the name, trademark, logo, or physical likeness of CytomX or any of its officers, directors or employees, or any adaptation of any of them, in any advertising, promotional or sales literature, without CytomX's prior written consent. Amgen shall require its Affiliates and Sublicensees to comply with the foregoing.

Section 14.8 Successors and Assigns. Neither this Agreement nor any of the rights or obligations created herein may be assigned by either Party, in whole or in part, without the prior written consent of the other Party, not to be unreasonably withheld, conditioned or delayed except that either Party shall be free to assign this Agreement (a) to an Affiliate of such Party (for so long as such Affiliate remains an Affiliate) provided that such Party shall remain liable and responsible to the other Party for the performance and observance of all such duties and obligations by such Affiliate, or (b) in connection with any sale of all or substantially all of the assets of the Party that relate to this Agreement to a Third Party,

whether by merger, consolidation, divestiture, restructure, sale of stock, sale of assets or otherwise (a "**Sale Transaction**"), *provided* that the party to which this Agreement is assigned expressly agrees in writing to assume and be bound by all obligations of the assigning Party under this Agreement, and *provided*, *further*, that if any such assignment by a Paying Party would result in withholding or other similar taxes becoming due on payments to a non-Paying Party under this Agreement (which withholding or other similar taxes would not have been due if the assignment did not occur), then any such assignment will require prior written consent absent an express agreement by the Paying Party or the assignee to pay or reimburse the non-Paying Party for any increase in such taxes resulting from such assignment that are not deductible or creditable by the non-Paying Party under applicable Law, such consent not to be unreasonably withheld, delayed or conditioned. A copy of such written agreement by such assignee shall be provided to the non-assigning Party within [***] days of execution of such written agreement. CytomX shall not assign or otherwise transfer to any Third Party ownership (or equivalent rights) of any CytomX Patents existing as of the Effective Date or during the Term, unless the party to which such CytomX Patent is assigned or otherwise transferred expressly agrees in writing to assume and be bound by all relevant terms and conditions applicable to CytomX and such CytomX Patent under this Agreement. This Agreement shall bind and inure to the benefit of the successors and permitted assigns of the Parties hereto. Any attempted assignment of this Agreement in contravention of this Section 13.8 shall be null and void.

Section 14.9 Sale Transaction or Amgen Acquisition. In the event of (x) a Sale Transaction involving Amgen, or (y) the acquisition by Amgen of all or substantially all of the business of a Third Party (together with any entities that were Affiliates of such Third Party immediately prior to such acquisition, an "**Amgen Acquiree**"), whether by merger, sale of stock, sale of assets or otherwise (an "**Amgen Acquisition**"), intellectual property rights of the acquiring party in a Sale Transaction, if other than one of the Parties to this Agreement (together with any entities that were affiliates of such Third Party immediately prior to such Sale Transaction, a "**Third Party Acquirer**"), or the Amgen Acquiree, as applicable, shall not be included in the Patent Rights or Know-How licensed hereunder by Amgen to CytomX or otherwise subject to this Agreement.

Section 14.10 Sale Transaction or CytomX Acquisition. In the event of (x) a Sale Transaction involving CytomX, or (y) the acquisition by CytomX of all or substantially all of the business of a Third Party (together with any entities that were Affiliates of such Third Party immediately prior to such acquisition, a **"CytomX Acquiree**"), whether by merger, sale of stock, sale of assets or otherwise (a "**CytomX Acquisition**"), intellectual property rights of the Third Party Acquirer in a Sale Transaction, or the CytomX Acquiree, as applicable, shall not be included in the Patent Rights or Know-How licensed hereunder by CytomX to Amgen, or otherwise subject to this Agreement.

Section 14.11 Waivers. A Party's consent to or waiver, express or implied, of any other Party's breach of its obligations hereunder shall not be deemed to be or construed as a consent to or waiver of any other breach of the same or any other obligations of such breaching Party. A Party's failure to complain of any act, or failure to act, by the other Party, to declare the other Party in default, to insist upon the strict performance of any obligation or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof, no matter how long such failure continues, shall not constitute a waiver by such Party of its rights hereunder, of any such breach, or of any other obligation or condition. A Party's consent in any one instance shall not limit or waive the necessity to obtain such Party's consent in any future instance and in any event no consent or waiver shall be effective for any purpose hereunder unless such consent or waiver is in writing and signed by the Party granting such consent or waiver.

Section 14.12 Rights upon [***] **of** [***]**.** [***] shall give [***] written notice no less than [***] days prior to the [***]. Upon such notice, if such [***] shall have the right, with respect to [***]

(but [***]), to (a) [***], in an [***] or [***] of the [***] and [***] as contemplated herein [***] to [***] with respect to [***] and [***], as well as [***] and [***], upon written notice by [***], and (b) [***] (following [***] of such [***] and upon written notice from [***]) from [***] or in part in the [***] or any other [***] or [***] with respect to the [***] and [***], and [***] and [***]. For clarity, [***] shall at all times [***] the [***] to [***] in the [***] and [***] or [***], and to [***] and have all [***] as contemplated herein, [***] to the [***] and [***].

Section 14.13 No Third Party Beneficiaries. Nothing in this Agreement shall be construed as giving any Person, other than the Parties hereto and their successors and permitted assigns, any right, remedy or claim under or in respect of this Agreement or any provision hereof, except for the provisions of Article 10 (with respect to which the persons to which Article 10 applies shall be Third Party beneficiaries for Article 10 only in accordance with the terms and conditions of Article 10).

Section 14.14 Headings; Exhibits; Appendices. Article and Section headings used herein are for convenient reference only, and are not a part of this Agreement. All Exhibits are incorporated herein by this reference.

Section 14.15 Interpretation. Except where the context otherwise requires, wherever used, the singular shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders. The term "including" as used herein means including, without limiting the generality of any description preceding such term. The word "will" shall be construed to have the same meaning and effect as the word "shall". The words "herein", "hereof" and "hereunder" and words of similar import will be construed to refer to this Agreement in its entirety and not to any particular provision hereof. All references to a "business day" or "business days" in this Agreement means any day other than a day which is a Saturday, a Sunday or any day banks are authorized or required to be closed in the State of California. The language in all parts of this Agreement shall be deemed to be the language mutually chosen by the Parties. The Parties and their counsel have cooperated in the drafting and preparation of this Agreement, and this Agreement therefore shall not be construed against any Party by virtue of its role as the drafter thereof.

Section 14.16 Counterparts Electronic or Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement may be executed and delivered electronically or by facsimile and upon such delivery such electronic or facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other Party.

[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

AMGEN INC.

By:
Name: [***]
Title: [***]

CYTOMX THERAPEUTICS, INC.

By:
Name: [***]
Title: [***]

Exhibit A
Amgen Patents

[***]

Exhibit B-1
CytomX Patents

[***]

Exhibit B-2
Tools

[***]

Exhibit C-1

EGFR Initial Development Plan

[***]

Exhibit C-2
Initial Preclinical Development Plan

[***]

Exhibit D
CytomX Third Party Subcontractors

[***]

Exhibit E

EGFR Product U.S. Profit Share

1. DEFINED TERMS

1.1 "**Clinical Supply Costs**" means with respect to an EGFR Product, [***] for such [***] of the [***] of [***] as [***] in [***] with [***]. For clarity, (a) [***] for [***] is [***] the [***] on [***] and [***] an [***], and (b) in the event that [***] a [***] to [***] any [***] with respect to [***] for such [***] will be the [***] such [***] for such [***] the [***] to [***] or [***] to [***] with respect to, [***] from such [***] for [***] such as [***] drugs for which [***] for use in [***].

1.2 "**Costs**" means [***] and [***] and [***] the [***] of [***].

1.3 "**Commercialize**" means [***] and [***] to [***] and [***] for [***], including for the [***] of [***], to [***] to [***] (including [***] and [***] and [***] and [***] as well as [***] and [***] including [***]), [***], and/or [***] and/or [***] other [***], including in [***] of any of the foregoing (including [***] and [***]), and "**Commercialization**" shall have the correlative meaning with respect to such activities; *provided, however*, that [***] shall [***] and [***] and [***] (including [***] to [***].

1.4 "**Commercialization Costs**" means [***] and [***] the [***] with [***] the [***]. For the avoidance of doubt, [***] and [***].

1.5 "**Development Costs**" means [***] and [***] and [***] to [***] of [***] as the [***] (a) [***]; (b) [***]; (c) [***]; and (d) [***]; each only to the extent [***] the [***] from and [***] of the [***]. For clarity, [***] any [***] with [***] any [***] and [***], as well as any [***] or [***] and [***] by [***] or [***] of [***]. For the avoidance of doubt, [***] on a [***] the [***] and shall [***] and [***].

1.6 "**Develop**" or "**Development**" means [***] and/or [***] to [***] and [***] of [***] including, without limitation, [***] and [***] and [***] (including [***] and [***] and [***], the [***] and [***] of [***] to [***] and [***] for [***], and [***] to [***]; *provided, however*, that Development [***] and [***] and [***]. For clarity, Development [***] that [***] or [***] a [***] as a [***], or [***] or [***] (whether [***] is [***] to or [***] of such [***]).

1.7 "**Development FTE Costs**" means [***] of (a) the [***] with the [***] and after [***] of the [***] by [***] and (b) the [***].

1.8 "**EGFR Product Profitability**" means the first time at which Net Sales of EGFR Products in the [***] attributable to such EGFR Products during [***].

1.9 "**EGFR Profit**" means, with respect to EGFR Products during [***], (a) the [***] of such EGFR Products [***] during such [***] plus (b) any [***] to [***] received in such [***] and (c) [***] received in such [***], less (c) [***] to such EGFR Products; *provided, however,* that for avoidance of doubt, the foregoing can be a negative amount (a "**Negative EGFR Profit**"). For the sake of clarity, EGFR Profit shall be determined prior to application of any net income and franchise or similar types of taxes.

1.10 "**EGFR Sublicensing Revenues**" means [***] or other [***] by [***] or its Affiliates [***] as [***] for the [***] of [***] to [***] with respect to [***], to the [***] to [***] with respect to [***].

1.11 "**FTE**" means a full-time equivalent person (i.e., one fully-dedicated or multiple partially-dedicated employees aggregating to one full-time employee employed or contracted by Amgen based upon a total of [***] days or [***] hours per year undertaken in connection with the conduct of Development in accordance with the EGFR Global Development Plan, Commercialization, Manufacturing, or other activities, including Medical Affairs Activities, consistent with this Agreement. Overtime, and work on weekends, holidays and the like shall not be counted with any multiplier (e.g., time-and-a-half or double time) toward the number of hours that are used to calculate the FTE contribution.

1.12 "**FTE Rate**" means $[***] per FTE per year (as of the Effective Date).

1.13 "**Manufacturing**" or "**Manufacture**" means [***] and [***] to [***] of [***] and [***] and/or [***] of [***] or any [***] or [***] with respect thereto, or any [***] of any of [***] and [***] and [***] and [***], and [***].

1.14 "**Manufacturing Costs**" means [***] by [***] and [***] the [***] to [***] for [***] the [***].: (a) [***] for [***] such [***] with [***] by [***] and in accordance with [***]; (b) [***] with [***], or other [***] to [***] of [***], and the like; (c) [***] for [***] or [***] the [***].; and (d) [***] to [***] and other [***] for such [***] to the [***] of [***], and [***] for [***] to the [***] in [***]. In the event that [***] to [***] any [***] with respect to [***] of [***] the [***] for such activities will be the [***] such [***] for such activities, [***] the [***] to [***] and to [***] from such [***].

1.15 "**Medical Affairs Activities**" means [***] regarding, an EGFR Product, including activities of [***] (including [***]), and [***] in support of [***], as well as [***] (and the [***]) provided [***].

1.16 "**Medical Affairs Activities Costs**" means [***] and [***] the [***] and [***] to [***] with [***]. For the avoidance of doubt, Medical Affairs Activities Costs shall be included in [***] and shall be excluded from [***].

1.17 "**Medical Liaison**" means those health care professionals employed or engaged by Amgen or any of its Affiliates with appropriate health care experience to engage in in-depth dialogues with physicians regarding medical issues associated with an EGFR Product, and are not sales representatives or otherwise engaged in direct selling or promotion of an EGFR Product.

1.18 "**Other Development Expenses**" means [***] for [***] or [***] with respect to [***] to the extent [***] the [***].

1.19 "**Out-of-Pocket Development Expenses**" means [***] or [***] to [***] which are [***] and incurred by [***] and [***] for the Development of EGFR Product(s); *provided, however,* that [***] in accordance with [***] and shall [***], or [***] to be [***].

1.20 "**Program Costs**" means, [***] for any [***], the following [***] that [***] and any [***]: (a) [***]; (b) [***]; (c) [***]; and (d) [***] with [***] with respect to [***] and [***]; *provided, however*, that, in each of clauses (a) – (c) above, such [***] be [***] for [***] only to the extent [***] with [***] or [***] the [***]. The components of [***] in

accordance with the applicable definition thereof and the applicable terms of this Agreement. [***] are not included in [***] and vice-versa. If any [***] or [***] to [***] than [***], such [***] only be [***] with respect to [***] of [***].

2. EGFR PRODUCT U.S. PROFIT SHARE IN ACCORDANCE WITH SECTION 7.3.3.

2.1 **Allocation of the EGFR Profit**. Subject to Section 2.3 of this Exhibit E, Amgen shall account for Program Costs and Development Costs in accordance with its accounting standards. Amgen shall be entitled to share in [***] of the EGFR Profit and CytomX shall be entitled to share in [***] of the EGFR Profit. For the avoidance of doubt, in the event CytomX exercises the EGFR Co-Development Option, the provisions of this Exhibit E shall apply to annual Net Sales of EGFR Products in the U.S. in lieu of the royalty provision in Section 7.5.3(c), which for clarity shall still apply to annual Net Sales of EGFR Products in the Territory other than the U.S.

2.2 **Allocation of Development Costs**. Subject to Section 2.3 of this Exhibit E, Amgen shall pay [***] of Development Costs and CytomX shall pay [***] of Development Costs.

2.3 [***]**.** [***] obligations under Sections 2.1 and 2.2 of this Exhibit E shall be subject to the following provisions of this Section 2.3 of this Exhibit E:

2.3.1 [***]**.** If [***] of [***] (a) [***] in any given [***], or (b) [***] of [***] to the [***] of [***] the [***] (the "[***]"), then [***] may elect by [***] days' prior written notice to [***] to require [***] to [***] of [***] under [***] of [***] that are [***] either [***] the [***] of such [***], if subsection (a) applies, or [***] of [***] the [***], if subsection (b) applies (a "[***]"). [***] shall have the right to [***] the [***] that [***] of [***] but did not [***] when [***] of [***] by [***] of the [***] (the "[***]") by [***] the [***] using [***] to the lesser of (i) [***] an [***], or (ii) [***], and [***] from the [***] which [***] would [***] have had [***] the [***] but for the [***] (the [***] to be [***] by application of the [***], the "[***]"), [***] to [***] or [***] to give effect to the [***] set forth in [***], commencing in the [***] following the occurrence of [***]; *provided, however*, that in no event shall such [***] result in [***] to [***] under any particular [***] of either [***] or [***] being [***] to [***] of the [***] under the relevant [***] or [***], as applicable, in a given [***]. Upon the [***] of [***] right to [***] its [***] of [***]. For clarity, if [***] does [***] shall have no obligation to [***] the [***] or [***].

2.3.2 [***]**.** If [***] share of the [***] of [***] in any given [***] is [***] (i.e., a [***]) and results in [***] to [***] more than [***] as [***] of [***] pursuant to [***] (the "[***]"), then [***] will have the right to [***] to share [***] of the [***] incurred during the remainder of such [***] (a "[***]") to the extent such [***] would result in additional [***] of [***] exceeding [***] in such [***]. Commencing in the [***] following [***], [***] shall have the right to [***] that [***] but for the [***] (the "[***]"), without any obligation to [***], out of [***] to [***]; *provided, however*, that in no event shall such [***] to [***] being reduced to less than [***] of the amounts otherwise [***], as applicable, in a given [***]. Upon the occurrence of [***], [***] to [***] of [***] in accordance with [***].

2.3.3 **Limits.** Notwithstanding the foregoing, in no event shall, at any point in time, (a) the [***] exceed in the aggregate [***] and (b) the [***] of the [***] and [***], exceed in the aggregate [***] (the "**Overall Limits**"). [***] shall be [***] for [***] all [***] and [***] after the [***]. After the date upon which the Overall Limits are reached, (i) [***] to [***] and [***] after such date, and (ii) [***] on [***] pursuant to [***], until the earlier of the occurrence of [***] or the [***] to [***].

2.3.4 [***]**.** If [***] a [***] or a [***], [***] thereafter have the right to [***] days' prior written notice to [***] to [***] or [***] of [***] of [***] or [***] to [***] or [***] of [***], at the time such [***] or [***] would otherwise [***] but for the [***] or [***]. [***] the [***] of such [***] or [***] pursuant to [***] that [***] to [***] and [***], as applicable. For clarity, the [***] and [***] shall not include [***] that [***] to [***] to this Section 2.3.4 of this Exhibit E when [***] to [***], as applicable.

2.4 **Reports and Payments.** From and after the exercise by CytomX of the EGFR Co-Development Option, within [***] days after the end of each Calendar Quarter, Amgen shall provide CytomX with a report specifying in reasonable detail Net Sales of EGFR Products in the U.S., as well as EGFR Sublicensing Revenues received and Development Costs and Program Costs incurred by Amgen, in such Calendar Quarter. Such report will include an allocation of the Development Costs and Program Costs between the Parties in accordance with Sections 2.1 and 2.2 of this Exhibit E and the calculation of EGFR Profit in accordance with Section 2.1 of this Exhibit E, and the amount payable by the applicable Party to the other Party in order to achieve the allocations and profit-sharing contemplated by such Sections (after giving effect to Section 2.3 of this Exhibit E, if applicable). Based on such report, the Party to whom a payment is owed in order to achieve such allocations and profit-sharing shall issue an invoice to the other Party for the appropriate amount in accordance with Section 7.6 and Section 7.7, and the owing Party shall make the applicable payment within [***] days after receiving such invoice.

2.5 **Tax Matters.** For the avoidance of doubt, each Party shall be responsible for all income taxes imposed on such Party's share of the EGFR Profit.

Exhibit F
In-Licensed CytomX Patents

[***]

Exhibit G
Form of Press Release

AMGEN AND CYTOMX THERAPEUTICS ANNOUNCE STRATEGIC COLLABORATION IN IMMUNO-ONCOLOGY

Companies to Jointly Develop T-Cell Engaging Bispecific Probody

THOUSAND OAKS, Calif. and SOUTH SAN FRACISCO, Calif. (Oct. 3, 2017) – Amgen (NASDAQ:AMGN) and CytomX Therapeutics, Inc., (NASDAQ:CTMX) today announced that the companies have entered into a strategic collaboration in immuno-oncology. The companies will co-develop a CytomX Probody™ T-cell engaging bispecific against the Epidermal Growth Factor Receptor (EGFR), a highly validated oncology target expressed on multiple human cancer types. Probody T-cell engaging bispecifics are antibody constructs capable of directing cytotoxic T-cells in tumor microenvironments. In preclinical studies, CytomX's Probody versions of EGFRxCD3 bispecific therapeutics induced tumor regressions and increased the therapeutic window for this high potential cancer target.

"Our collaboration with CytomX leverages Amgen's development leadership in bispecifics and expands our immuno-oncology capabilities with an additional and complementary bispecific technology," said Sean E. Harper, M.D., executive vice president of Research and Development at Amgen. "EGFR is a particularly compelling target on which to employ the CytomX Probody platform given its potential to localize activity within tumors while limiting potential toxicity."

"Probody-based T-cell engaging bispecific antibodies offer significant potential in treating cancers by employing localized therapeutic activity within a tumor," said Sean McCarthy, D.Phil., president and chief executive officer of CytomX Therapeutics. "Through the collaboration, we are positioned to combine Amgen's industry-leading expertise in leveraging bispecifics to activate a patient's immune-system with CytomX' ability to design potent new therapies that exploit unique conditions in the tumor microenvironment. Development of Probody-based T-cell engaging bispecifics further validates the broad applicability of the Probody platform in addressing unmet needs in oncology."

Under the terms of the agreement, Amgen and CytomX will co-develop a Probody T-cell engaging bispecific against EGFRxCD3 with CytomX leading early development. Amgen will lead later development and commercialization with global late-stage development costs shared between the two companies. Amgen will make an upfront payment of $40 million and purchase $20 million of CytomX common stock. CytomX will be eligible to receive up to $455 million in development, regulatory and commercial milestones for the EGFR program. Amgen will lead global commercial activities with CytomX able to opt into a profit share in the U.S. and receive tiered, double-digit royalties on net product sales outside of the U.S.

Amgen will also receive exclusive worldwide rights to develop and commercialize up to three additional, undisclosed targets. Should Amgen ultimately pursue all of these targets, CytomX will be eligible to receive up to $950 million in additional upfront and milestone payments and high single-digit to mid-double digit royalty payments on any resulting products. CytomX will also receive the rights from Amgen to an undisclosed preclinical T-cell engaging bispecific program; Amgen is eligible to receive milestones and royalty payments on any resulting products from this CytomX program.

Conference Call / Webcast Information
CytomX will host a teleconference today at 5 p.m. ET to discuss the strategic collaboration. Sean McCarthy, D.Phil., president and chief executive officer at CytomX and Debanjan Ray, chief financial officer at CytomX, will lead the teleconference. Interested parties may access the live audio webcast of the teleconference through the Investor and News page of CytomX's website at http://ir.cytomx.com or by dialing (877) 809-6037 and using the passcode 94163867. A replay will be available on the CytomX website or by dialing (855) 859-2056 and using the passcode 94163867. The replay will be available from October 3, 2017, at 8:00 p.m. ET until October 10, 2017, at 8:00 p.m. ET.

About Amgen
Amgen is committed to unlocking the potential of biology for patients suffering from serious illnesses by discovering, developing, manufacturing and delivering innovative human therapeutics. This approach begins by using tools like advanced human genetics to unravel the complexities of disease and understand the fundamentals of human biology.

Amgen focuses on areas of high unmet medical need and leverages its expertise to strive for solutions that improve health outcomes and dramatically improve people's lives. A biotechnology pioneer since 1980, Amgen has grown to be one of the world's leading independent biotechnology companies, has reached millions of patients around the world and is developing a pipeline of medicines with breakaway potential.

For more information, visit www.amgen.com and follow us on www.twitter.com/amgen.

About CytomX Therapeutics
CytomX Therapeutics is a clinical-stage biopharmaceutical company with a deep and differentiated oncology pipeline of investigational Probody™ therapeutics. Probody therapeutics are designed to exploit unique conditions of the tumor microenvironment to more effectively localize antibody binding and activity while limiting activity in healthy tissues. The Company's pipeline includes proprietary cancer immunotherapies against clinically-validated targets, such as PD-L1, and first-in-class Probody drug conjugates against highly attractive targets, such as CD166 and CD71, which are considered to be inaccessible to conventional antibody drug conjugates due to their presence on healthy tissue. In addition to its wholly owned programs, CytomX has strategic collaborations with AbbVie, Bristol-Myers Squibb Company, Pfizer Inc., MD Anderson Cancer Center and ImmunoGen, Inc. For more information, visit www.cytomx.com or follow us on Twitter.

CytomX Therapeutics Forward-Looking Statements
This press release includes forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that are difficult to predict, may be beyond our control, and may cause the actual results, performance or achievements to

be materially different from any future results, performance or achievements expressed or implied in such statements. Accordingly, you should not rely on any of these forward-looking statements, including those relating to the potential efficacy of products and to CytomX' ability and the ability of its collaborative partners to develop and advance product candidates into and successfully completing clinical trials. The process by which preclinical and clinical development could potentially lead to an approved product is long and subject to significant risks and uncertainties. Collaborations with partners may not result in products, and milestone payments and royalties may not be received. Applicable risks and uncertainties include those relating to our preclinical research and development, clinical development, collaborations, and other risks identified under the heading "Risk Factors" included in CytomX' Quarterly Report on Form 10-Q filed with the SEC on August 7, 2017. The forward-looking statements contained in this press release are based on information currently available to CytomX and speak only as of the date on which they are made. CytomX does not undertake and specifically disclaims any obligation to update any forward-looking statements, whether as a result of any new information, future events, changed circumstances or otherwise.

Amgen Forward-Looking Statements
This news release contains forward-looking statements that are based on the current expectations and beliefs of Amgen. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including estimates of revenues, operating margins, capital expenditures, cash, other financial metrics, expected legal, arbitration, political, regulatory or clinical results or practices, customer and prescriber patterns or practices, reimbursement activities and outcomes and other such estimates and results. Forward-looking statements involve significant risks and uncertainties, including those discussed below and more fully described in the Securities and Exchange Commission reports filed by Amgen, including our most recent annual report on Form 10-K and any subsequent periodic reports on Form 10-Q and Form 8-K. Unless otherwise noted, Amgen is providing this information as of the date of this news release and does not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

No forward-looking statement can be guaranteed and actual results may differ materially from those we project. Discovery or identification of new product candidates or development of new indications for existing products cannot be guaranteed and movement from concept to product is uncertain; consequently, there can be no guarantee that any particular product candidate or development of a new indication for an existing product will be successful and become a commercial product. Further, preclinical results do not guarantee safe and effective performance of product candidates in humans. The complexity of the human body cannot be perfectly, or sometimes, even adequately modeled by computer or cell culture systems or animal models. The length of time that it takes for us to complete clinical trials and obtain regulatory approval for product marketing has in the past varied and we expect similar variability in the future. Even when clinical trials are successful, regulatory authorities may question the sufficiency for approval of the trial endpoints we have selected. We develop product candidates internally and through licensing collaborations, partnerships and joint ventures. Product candidates that are derived from relationships may be subject to disputes between the parties or may prove to be not as effective or as safe as we may have believed at the time of entering into such relationship. Also, we or others could identify safety, side effects or manufacturing problems with our products after they are on the market.

Our results may be affected by our ability to successfully market both new and existing products domestically and internationally, clinical and regulatory developments involving current and future products, sales growth of recently launched products, competition from other products including biosimilars, difficulties or delays in manufacturing our products and global economic conditions. In addition, sales of our products are affected by pricing pressure, political and public scrutiny and reimbursement policies imposed by third-party payers, including governments, private insurance plans and managed care providers and may be affected by regulatory, clinical and guideline developments and domestic and international trends toward managed care and healthcare cost containment. Furthermore, our research, testing, pricing, marketing and other operations are subject to extensive regulation by domestic and foreign government regulatory authorities. We or others could identify safety, side effects or manufacturing problems with our products after they are on the market. Our business may be impacted by government investigations, litigation and product liability claims. In addition, our business may be impacted by the adoption of new tax legislation or exposure to additional tax liabilities. If we fail to meet the compliance obligations in the corporate integrity agreement between us and the U.S. government, we could become subject to significant sanctions. Further, while we routinely obtain patents for our products and technology, the protection offered by our patents and patent applications may be challenged, invalidated or circumvented by our competitors, or we may fail to prevail in present and future intellectual property litigation. We perform a substantial amount of our commercial manufacturing activities at a few key facilities and also depend on third parties for a portion of our manufacturing activities, and limits on supply may constrain sales of certain of our current products and product candidate development. In addition, we compete with other companies with respect to many of our marketed products as well as for the discovery and development of new products. Further, some raw materials, medical devices and component parts for our products are supplied by sole third-party suppliers. The discovery of significant problems with a product similar to one of our products that implicate an entire class of products could have a material adverse effect on sales of the affected products and on our business and results of operations. Our efforts to acquire other companies or products and to integrate the operations of companies we have acquired may not be successful. We may not be able to access the capital and credit markets on terms that are favorable to us, or at all. We are increasingly dependent on information technology systems, infrastructure and data security. Our stock price is volatile and may be affected by a number of events. Our business performance could affect or limit the ability of our Board of Directors to declare a dividend or our ability to pay a dividend or repurchase our common stock.

The scientific information discussed in this news release related to our product candidates is preliminary and investigative. Such product candidates are not approved by the U.S. Food and Drug Administration, and no conclusions can or should be drawn regarding the safety or effectiveness of the product candidates.

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Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sean A. McCarthy, President and Chief Executive Officer of CytomX Therapeutics, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CytomX Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2017

By: /s/ Sean A. McCarthy
Name: Sean A. McCarthy
Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Debanjan Ray, Chief Financial Officer of CytomX Therapeutics, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CytomX Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2017

By: /s/ Debanjan Ray
Name: Debanjan Ray
Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CytomX Therapeutics, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sean A. McCarthy, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the "Act"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2017

By: /s/ Sean A. McCarthy
Name: Sean A. McCarthy
Title: President and Chief Executive Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of CytomX Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CytomX Therapeutics, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Debanjan Ray, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (the "Act"), that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2017

By: /s/ Debanjan Ray
Name: Debanjan Ray
Title: Chief Financial Officer

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of CytomX Therapeutics, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.